$4,315,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE
REVENUE CERTIFICATES OF OBLIGATION
SERIES 2015

Certificates Delivered: August 20, 2015

Transcript of Proceedings

LAW OFFICES
McCALL, PARKHURST & HORTON L.L.P.
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SAN ANTONIO, TEXAS 78205

$4,315,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015

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$4,315,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE
REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2015

Distribution List for Final Official Statement

#7507-001

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CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTY OF BEXAR §
CITY OF HELOTES §

I, the undersigned City Secretary of said City, hereby certify as follows:

1. The City Council of said City convened in a Regular Meeting on May 28, 2015, at City Hall, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Thomas A. Schoolcraft, Mayor	Bert Buys
Cynthia Massey, Mayor Pro-Tem	Alex Blue
Edward Villanueva	Paul Friedrichs

and all of said officers and members of said City Council were present, except the following absentees: Edward Villanueva thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

RESOLUTION NO. 323

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

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

AYES: 3 NAY: 1 Council Member Friedrichs ABSTENTION: 0

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

SIGNED AND SEALED the 1st day of June 2015.

(City Seal)

Grace Tamez, City Secretary
City of Helotes, Texas

RESOLUTION NO. 323

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

THE STATE OF TEXAS §
COUNTY OF BEXAR §
CITY OF HELOTES §

WHEREAS*,** the City Council of the **CITY OF HELOTES, TEXAS** (the "City***") hereby determines that it is necessary and desirable to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects (collectively, the "Project"); and

WHEREAS, the City Council of the City intends to finance the Project from proceeds derived from the sale of one or more series of certificates of obligation issued by the City pursuant to Sections 271.041 - 271.065, Texas Local Government Code, as amended; and

WHEREAS, pursuant to Section 271.049, Texas Local Government Code, the City Council deems it advisable to give notice of intention to issue certificates of obligation in an amount not to exceed an aggregate of *$4,400,000* for the purpose of paying, in whole or in part, the Project and to pay the costs of issuance related to the certificates of obligation; and

WHEREAS, it is hereby officially found and determined that the meeting at which this resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS:

SECTION 1. APPROVAL OF NOTICE OF INTENTION. Attached hereto is a form of the "Notice of Intention to Issue Certificates of Obligation", the form and substance of which is hereby adopted and approved.

SECTION 2. AUTHORIZATION TO PUBLISH NOTICE OF INTENTION. The City Secretary shall cause said notice to be published in substantially the form attached hereto in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the City, on the same day in each of two consecutive weeks, the date of the first publication thereof to be before the 30th day before the date tentatively set for the passage of the ordinance authorizing the issuance of such certificates of obligation as shown in said notice. The City Administrator, the City Secretary and the Director of Finance are each authorized to make changes to said Notice as necessary prior to its publication.

SECTION 3. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

SECTION 4. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS ON THE 28th DAY OF MAY 2015

Thomas A. Schoolcraft, Mayor
City of Helotes, Texas

ATTEST:

Grace Tamez, City Secretary
City of Helotes, Texas

CITY OF HELOTES, TEXAS
NOTICE OF INTENTION TO ISSUE
CERTIFICATES OF OBLIGATION

The City Council of the City of Helotes, Texas (the "City") does hereby give notice of intention to issue one or more series of *City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation* in the maximum aggregate principal amount not to exceed *$4,400,000* for the purpose of paying, in whole or in part, contractual obligations incurred to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects and Certificates of Obligation. The City proposes to provide for the payment of such Certificates of Obligation from the levy and collection of ad valorem taxes in the City as provided by law and from a lien on and pledge of "Surplus Revenues", if any, received by the City from the ownership and operation of the City's Solid Waste Management System. The City Council proposes to authorize the issuance of such Certificates of Obligation at 7:00 p.m. on Thursday, July 23, 2015 at a Regular Meeting, at the City Hall Council Chamber, 12951 Bandera Road, Helotes, Texas 78023.

/s/ Thomas A. Schoolcraft
Mayor, City of Helotes, Texas

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SAN ANTONIO EXPRESS NEWS
AFFIDAVIT OF PUBLICATION

STATE OF TEXAS:
COUNTY OF BEXAR

Before me, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared: Lynette Nelson, who after being duly sworn, says that she is the BOOKKEEPER of THE HEARST CORPORATON (SAN ANTONIO EXPRESS-NEWS DIVISION), a daily newspaper published in Bexar County, Texas and that the publication, of which the annexed is a true copy, was published to wit:

Customer ID: 712489
Customer Name: Mccall, Parkhurst & Horton
Order ID: 2707477

Publication	Pub Date
EN Classified	05-JUN-15
EN Classified	12-JUN-15

Lynette Nelson
Bookkeeper

Sworn and subscribed to before me, this 12 day of June A.D. 2015

Notary public in and for the State of Texas

DAWN HAMPTON
MY COMMISSION EXPIRES
April 24, 2018

CITY OF HELOTES, TEXAS
NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

The City Council of the City of Helotes, Texas (the "City") does hereby give notice of intention to issue one or more series of *City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation* in the maximum aggregate principal amount not to exceed $4,400,000 for the purpose of paying, in whole or in part, contractual obligations incurred to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects and Certificates of Obligation. The City proposes to provide for the payment of such Certificates of Obligation from the levy and collection of ad valorem taxes in the City as provided by law and from a lien on and pledge of "Surplus Revenues", if any, received by the City from the ownership and operation of the City's Solid Waste Management System. The City Council proposes to authorize the issuance of such Certificates of Obligation at 7:00 p.m. on Thursday, July 23, 2015 at a Regular Meeting, at the City Hall Council Chamber, 12951 Bandera Road, Helotes, Texas 78023.

/s/ Thomas A. Schoolcraft
Mayor, City of Helotes, Texas

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
COUNTY BEXAR §
CITY OF HELOTES §

We, the undersigned officers of the City Council of said City, hereby certify as follows:

1. The City Council of said City convened in REGULAR MEETING ON THE 23rd DAY OF JULY, 2015, at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Thomas A. Schoolcraft, Mayor
Paul Friedrichs, Mayor Pro Tem
Edward Villanueva
Alex Blue
Bert Buys
Cynthia Massey

Grace Tamez, City Secretary

and all of said persons were present, except the following members: Edward Villanueva _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF $4,315,000 IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO, INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE FORM OF AN OFFICIAL STATEMENT; APPROVING A PROJECT FUNDING AGREEMENT WITH THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION; AND DECLARING AN EFFECTIVE DATE

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

AYES: 4

NOES: 0

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

3. That the Mayor of said City has approved and hereby approves the aforesaid Resolution; that the Mayor and the City Secretary of said City have duly signed said Resolution; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Resolution for all purposes.

SIGNED AND SEALED the 23rd day of July, 2015.

City Secretary

Mayor

(CITY SEAL)

ORDINANCE NO. 2015-572

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF $4,315,000 IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO, INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE FORM OF AN OFFICIAL STATEMENT; APPROVING A PROJECT FUNDING AGREEMENT WITH THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION; AND DECLARING AN EFFECTIVE DATE

DATE OF APPROVAL: JULY 23, 2015

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ORDINANCE NO. 2015-572

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF $4,315,000 IN AGGREGATE PRINCIPAL AMOUNT OF "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO, INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE FORM OF AN OFFICIAL STATEMENT; APPROVING AN INTERLOCAL AGREEMENT WITH THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION; AND DECLARING AN EFFECTIVE DATE

THE STATE OF TEXAS
COUNTY OF BEXAR
CITY OF HELOTES

WHEREAS, the City Council of the **CITY OF HELOTES, TEXAS** (the "***City***") hereby determines that it is necessary and desirable to pay all or a portion of the City's contractual obligations incurred to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the

City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects (collectively, the "***Project***"); and

WHEREAS, the City Council of the City intends to finance the Projects from proceeds derived from the sale of Certificates of Obligation issued by the City pursuant to Sections 271.041 - 271.063, Texas Local Government Code, as amended; and

WHEREAS, on May 28, 2015, the City Council adopted a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation (the "***Notice of Intent***"); and

WHEREAS, the Notice of Intent was published in the San Antonio Express-News, which is a newspaper of general circulation in the City, in its issues of June 5, 2015 and June 12, 2015; and

WHEREAS, the City received no petition signed by at least five percent of the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, it is considered to be in the best interest of the City that said interest bearing Certificates of Obligation be issued; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS, THAT:

SECTION 1. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION. The certificate of obligation or certificates of obligation of the City further described in Section 2 of this Ordinance and referred to herein as the "Certificates of Obligation" are hereby authorized to be issued and delivered in the aggregate principal amount of ***$4,315,000 FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED TO (1) COMPLETE THE F.M. 1560 REALIGNMENT PROJECT NEAR, GENERALLY, THE INTERSECTIONS OF F.M. 1560, RIGGS RD., CIRCLE A TRAIL, AND S.H. 16, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, BIKE LANES, DRAINAGE AREAS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS, AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (2) COMPLETE THE S.H. 16 / CEDAR TRAIL CULVERT ENLARGEMENT DRAINAGE PROJECT, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, DRAINAGE IMPROVEMENTS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (3) COMPLETE THE S.H. 16 WATER AND SANITARY SEWER PROJECT BETWEEN, GENERALLY, CIRCLE A TRAIL AND SCENIC LOOP RD., INCLUDING THE CONSTRUCTION, IMPROVEMENT AND EXTENSION OF WATERWORKS AND SEWER SYSTEM INFRASTRUCTURE WITHIN THE CITY; (4) COMPLETE THE***

HELOTES CREEK LINEAR PARK TRANSPORTATION ENHANCEMENT PROJECT, INCLUDING (A) THE ACQUISITION AND INSTALLATION OF EQUIPMENT ALONG NEW AND EXISTING PEDESTRIAN TRAILS THROUGHOUT THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING BICYCLE RACKS, TRASH RECEPTACLES, WAYFINDING, AND BENCHES, (B) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN CROSSWALK AT THE INTERSECTION OF S.H. 16 AND SCENIC LOOP RD. IN AND NEAR THE OLD TOWN HELOTES SPECIAL DISTRICT; (C) CONSTRUCT AND EQUIP A SCENIC OVERLOOK AND A HELOTES CREEK LINEAR PARK ACCESS POINT WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT; (D) CONSTRUCT AND EQUIP NEW BICYCLE AND PEDESTRIAN TRAILS THROUGHOUT THE HELOTES CREEK LINEAR PARK AND WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING PROPOSED INTERCONNECTIONS BETWEEN EAST (OTHSD) AND WEST SIDES OF S.H. 16; AND (E) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN BRIDGE ACROSS HELOTES CREEK IN THE OLD TOWN HELOTES SPECIAL DISTRICT; (5) COMPLETE THE F.M. 1560 HELOTES CREEK TRIBUTARY A BRIDGE CROSSING PROJECT BETWEEN, GENERALLY, SALTILLO FLAT AND ALTA LOMA ROADS, INCLUDING A MATCHING CONTRIBUTION FROM THE CITY TO THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF A BRIDGE AND RELATED FLOOD CONTROL IMPROVEMENTS WITHIN THE CITY OR ITS EXTRATERRITORIAL JURISDICTION; AND (6) TO PAY FISCAL, LEGAL, DESIGN, AND ENGINEERING FEES IN CONNECTION WITH SUCH PROJECTS AND TO PAY COSTS OF ISSUANCE.

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF THE CERTIFICATES OF OBLIGATION. Each certificate of obligation issued pursuant to and for the purpose described in Section 1 of this Ordinance shall be designated: **CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015**, and initially there shall be issued, sold and delivered hereunder one fully registered certificate of obligation, without interest coupons, dated August 1, 2015, in the aggregate principal amount of ***$4,315,000***, numbered T-1 (the "***Initial Certificate of Obligation***"), with certificates of obligation issued in replacement thereof being in the denomination of $5,000 or any integral multiple thereof and numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Certificate of Obligation being payable to the initial purchaser designated in Section 15 hereof), or to the registered assignee or assignees of said certificates of obligation or any portion or portions thereof (in each case, the "***Registered Owner***"), the Certificates of Obligation shall be subject to optional and mandatory redemption as provided in the FORM OF CERTIFICATE OF OBLIGATION, and the Certificates of Obligation shall mature and be payable serially on ***February 1*** in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

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YEAR OF MATURITY	PRINCIPAL AMOUNT	YEAR OF MATURITY	PRINCIPAL AMOUNT
2016	$90,000	***	***
2017	90,000	2028	585,000
2018	260,000	2029	555,000
2019	90,000	2030	545,000
2020	90,000	2031	245,000
***	***	***	***
2023	285,000	2033	520,000
***	***	***	***
2027	410,000	2035	550,000

The term "***Certificates of Obligation***" as used in this Ordinance shall mean and include the Certificates of Obligation initially issued and delivered pursuant to this Ordinance and all substitute certificates of obligation exchanged therefor, as well as all other substitute certificates of obligation and replacement certificates of obligation issued pursuant hereto, and the term "***Certificate of Obligation***" shall mean any of the Certificates of Obligation.

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SECTION 3. INTEREST. The Certificates of Obligation shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance to their respective dates of maturity or prior redemption at the following rates per annum:

YEAR OF MATURITY	INTEREST RATE	YEAR OF MATURITY	INTEREST RATE
2016	3.000%	***	***
2017	3.000	2028	3.125%
2018	3.000	2029	3.125
2019	3.000	2030	3.250
2020	3.000	2031	3.250
***	***	***	***
2023	3.000	2033	3.625
***	***	***	***
2027	3.500	2035	3.625

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance.

SECTION 4. CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION; APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT. *(a) Registration, Transfer, and Exchange; Authentication.* The City shall keep or cause to be kept at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas (the "***Paying Agent/Registrar***") books or records for the registration of the transfer and exchange of the Certificates of Obligation (the "***Registration Books***"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as *Exhibit A* is a copy of the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor or Mayor Pro-Tem and City Secretary of the City are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate of Obligation to which payments with respect to the Certificates of Obligation shall be mailed, as herein provided; but it shall be the duty of each

registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Certificates of Obligation shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Certificate of Obligation or Certificates of Obligation shall be paid as provided in the FORM CERTIFICATE OF OBLIGATION set forth in this Ordinance. Registration of assignments, transfers and exchanges of Certificates of Obligation shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates of Obligation and Certificates of Obligation surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Certificate of Obligation or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates of Obligation in the manner prescribed herein, and said Certificates of Obligation shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and Section 1201.067 thereof, the duty of transfer and exchange of Certificates of Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Certificate of Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates of Obligation which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

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

(c) *In General*. The Certificates of Obligation (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates of Obligation to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the City at least 50 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Certificates of Obligation, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal and interest, and

(viii) shall be administered and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Certificates of Obligation, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE OF OBLIGATION set forth in this Ordinance. The Initial Certificate of Obligation is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate of Obligation issued in exchange for the Initial Certificate of Obligation issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Certificate of Obligation delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF CERTIFICATE OF OBLIGATION below, manually executed by the Comptroller of Public Accounts of the State of Texas or by her duly authorized agent, which certificate shall be evidence that the Initial Certificate of Obligation has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) *Substitute Paying Agent/Registrar*. The City covenants with the registered owners of the Certificates of Obligation that at all times while the Certificates of Obligation are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Certificates of Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates of Obligation, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates of Obligation, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) *Book-Entry Only System for Certificates of Obligation*. The Certificates of Obligation issued in exchange for the Certificates of Obligation initially issued to the purchaser specified in Section 15 herein shall be initially issued in the form of a separate single fully registered Certificate of Obligation for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate of Obligation shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("***DTC***"), and except as provided in subsection (i) hereof, all of the outstanding Certificates of Obligation shall be registered in the

name of Cede & Co., as nominee of DTC.

With respect to Certificates of Obligation 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 securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("***DTC Participant***") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates of Obligation. 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 Certificates of Obligation, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Certificates of Obligation, as shown on the Registration Books, of any notice with respect to the Certificates of Obligation, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Certificates of Obligation, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates of Obligation. 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 Certificate of Obligation is registered in the Registration Books as the absolute owner of such Certificate of Obligation for the purpose of payment of principal and interest with respect to such Certificate of Obligation, for the purpose of registering transfers with respect to such Certificate of Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates of Obligation only to or upon the order of the registered owners, as shown in the Registration Books 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 principal of and interest on the Certificates of Obligation to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Certificate of Obligation certificate evidencing the obligation of the City to make payments of principal and interest 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 being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) *Successor Securities Depository; Transfers Outside Book-Entry Only Systems*. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Certificates of Obligation that they be able to obtain certificated Certificates of Obligation, the City 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 of the appointment of such successor securities depository and transfer one or more separate Certificates of Obligation to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates of Obligation and transfer one or more separate Certificates of Obligation to DTC Participants having Certificates of Obligation credited to their DTC accounts. In such event, the Certificates of Obligation shall no longer be restricted to being registered in the Registration Books 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 registered owners transferring or exchanging Certificates of Obligation shall designate, in accordance with the provisions of this Ordinance.

(g) *Payments to Cede & Co*. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate of Obligation is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Certificate of Obligation and all notices with respect to such Certificate of Obligation shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

(h) *DTC Letter of Representation*. The officers of the City are herein authorized for and on behalf of the City and as officers of the City to enter into one or more Letters of Representation with DTC establishing the book-entry only system with respect to the Certificates of Obligation.

(i) *Delivery of Initial Certificate of Obligation*. On the closing date, one Initial Certificate of Obligation representing the entire principal amount of the respective series of Certificates of Obligation, payable in stated installments to the initial registered owner named in Section 15 of this Ordinance or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem 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 initial purchaser or its designee. Upon payment for the Initial Certificate of Obligation, the Paying Agent/Registrar shall cancel the Initial Certificate of Obligation and deliver to the initial registered owner or its designee one registered definitive Certificate of Obligation for each year of maturity of the Certificates of Obligation, in the aggregate principal amount of all of the Certificates of Obligation for such maturity.

SECTION 5. FORM OF CERTIFICATE OF OBLIGATION. The form of the Certificates of Obligation, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to be attached only to the Certificates of Obligation initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

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FORM OF CERTIFICATE OF OBLIGATION

R-1	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION SERIES 2015	PRINCIPAL AMOUNT $_____

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
_____%	August 1, 2015	February 1, _____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the

Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the ***"Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "***Special Record Date***") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the 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 appearing on the Registration 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. Any accrued interest due upon the redemption of this Certificate of Obligation prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate of Obligation for redemption and payment at the designated corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Certificates of Obligation shall be payable in the regular manner described above). The City covenants with the Registered Owner of this Certificate of Obligation that on or before each principal payment date, interest payment date and accrued interest payment date for this Certificate of Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION is one of a series of Certificates of Obligation dated as of August 1, 2015, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of ***$4,315,000 FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED TO (1) COMPLETE THE F.M. 1560 REALIGNMENT PROJECT NEAR, GENERALLY, THE INTERSECTIONS OF F.M. 1560, RIGGS RD., CIRCLE A TRAIL, AND S.H. 16, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, BIKE LANES, DRAINAGE AREAS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS, AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (2) COMPLETE THE S.H. 16 / CEDAR TRAIL CULVERT ENLARGEMENT DRAINAGE PROJECT, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, DRAINAGE IMPROVEMENTS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (3) COMPLETE THE S.H. 16 WATER AND SANITARY SEWER PROJECT BETWEEN, GENERALLY, CIRCLE A TRAIL AND SCENIC LOOP RD., INCLUDING THE CONSTRUCTION, IMPROVEMENT AND EXTENSION OF WATERWORKS AND***

SEWER SYSTEM INFRASTRUCTURE WITHIN THE CITY; (4) COMPLETE THE HELOTES CREEK LINEAR PARK TRANSPORTATION ENHANCEMENT PROJECT, INCLUDING (A) THE ACQUISITION AND INSTALLATION OF EQUIPMENT ALONG NEW AND EXISTING PEDESTRIAN TRAILS THROUGHOUT THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING BICYCLE RACKS, TRASH RECEPTACLES, WAYFINDING, AND BENCHES, (B) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN CROSSWALK AT THE INTERSECTION OF S.H. 16 AND SCENIC LOOP RD. IN AND NEAR THE OLD TOWN HELOTES SPECIAL DISTRICT; (C) CONSTRUCT AND EQUIP A SCENIC OVERLOOK AND A HELOTES CREEK LINEAR PARK ACCESS POINT WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT; (D) CONSTRUCT AND EQUIP NEW BICYCLE AND PEDESTRIAN TRAILS THROUGHOUT THE HELOTES CREEK LINEAR PARK AND WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING PROPOSED INTERCONNECTIONS BETWEEN EAST (OTHSD) AND WEST SIDES OF S.H. 16; AND (E) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN BRIDGE ACROSS HELOTES CREEK IN THE OLD TOWN HELOTES SPECIAL DISTRICT; (5) COMPLETE THE F.M. 1560 HELOTES CREEK TRIBUTARY A BRIDGE CROSSING PROJECT BETWEEN, GENERALLY, SALTILLO FLAT AND ALTA LOMA ROADS, INCLUDING A MATCHING CONTRIBUTION FROM THE CITY TO THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF A BRIDGE AND RELATED FLOOD CONTROL IMPROVEMENTS WITHIN THE CITY OR ITS EXTRATERRITORIAL JURISDICTION; AND (6) TO PAY FISCAL, LEGAL, DESIGN, AND ENGINEERING FEES IN CONNECTION WITH SUCH PROJECTS AND TO PAY COSTS OF ISSUANCE.

ON FEBRUARY 1, 2023, or any date thereafter, the unpaid installments of principal of this Certificate of Obligation may be prepaid or redeemed prior to their scheduled due dates, at the option of the City, with funds derived from any available source, as a whole, or in part, and, if in part, the City shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be called, the City shall direct the Paying Agent/Registrar to call by lot (provided that a portion of this Certificate of Obligation may be redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount, plus accrued interest to the date fixed for prepayment or redemption.

ADDITIONALLY, THE CERTIFICATES OF OBLIGATION MATURING on February 1, in the years 2023, 2027, 2033 and 2035 (the "***Term Certificates***") are also subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM CERTIFICATES MATURING FEBRUARY 1, 2023

Mandatory Redemption Date	Redemption Amount
February 1, 2021	$95,000
February 1, 2022	95,000
February 1, 2023*	95,000

TERM CERTIFICATES MATURING FEBRUARY 1, 2027

Mandatory Redemption Date	Redemption Amount
February 1, 2024	$100,000
February 1, 2025	100,000
February 1, 2026	105,000
February 1, 2027*	105,000

* Maturity

TERM CERTIFICATES MATURING FEBRUARY 1, 2033	
Mandatory Redemption Date	**Redemption Amount**
February 1, 2032	$255,000
February 1, 2033	265,000

TERM CERTIFICATES MATURING FEBRUARY 1, 2035	
Mandatory Redemption Date	**Redemption Amount**
February 1, 2034	$270,000
February 1, 2035	280,000

* Maturity

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Certificates which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Certificate of Obligation or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Certificate of Obligation, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Certificate of Obligation or any portion hereof.

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered Certificates of Obligation, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Ordinance, this Certificate of Obligation, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the

Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate of Obligation may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Certificate of Obligation or portion thereof shall be paid by the City, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law and that this Certificate of Obligation is additionally secured by a lien on and limited pledge of Surplus Revenues of the City's Solid Waste Management System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the City's Solid Waste Management System, all as provided in the Ordinance authorizing the Certificates of Obligation.

THE CITY also has reserved the right to amend the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates of Obligation.

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

IN WITNESS WHEREOF, the City has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the City, and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate of Obligation.

Countersigned:

(facsimile signature)	(facsimile signature)
City Secretary, City of Helotes, Texas	Mayor, City of Helotes, Texas

(CITY SEAL)

FORM OF REGISTRATION CERTIFICATE
OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

_____
Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate of Obligation is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated

BOKF, NA
AUSTIN, TEXAS
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Certificate of Obligation, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Certificate of Obligation and all rights hereunder unto _____

_____
/_____/_____
(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite Assignee's name and address, including zip code)

_____
and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

INITIAL CERTIFICATE OF OBLIGATION INSERTIONS

The Initial Certificate of Obligation shall be in the form set forth above except that:

(A) Immediately under the name of the Certificate of Obligation, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

(B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the Dated Date, at the respective Interest Rates per annum specified below, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the respective Maturity Dates specified below, or the date of redemption prior to maturity. The respective Maturity Dates, Principal Installments and Interest Rates for this Certificate of Obligation are set forth in the following schedule:

MATURITY DATE (FEBRUARY 1)	PRINCIPAL INSTALLMENT	INTEREST RATE	MATURITY DATE (FEBRUARY 1)	PRINCIPAL INSTALLMENT	INTEREST RATE

[Insert principal and interest information from Sections 2 and 3 above]"

(C) The Initial Certificate of Obligation shall be numbered "T-1."

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY. A special Interest and Sinking Fund for the Certificates of Obligation (the "***Interest and Sinking Fund***") is hereby created solely for the benefit of the Certificates of Obligation, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Certificates of Obligation. All ad valorem taxes levied and collected for and on account of the Certificates of Obligation shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which, together

with "Surplus Revenues" with respect to the Certificates of Obligation (as described in Section 7(a) below) budgeted to pay principal and interest coming due during such fiscal year, will be sufficient to raise and produce the money required to pay the interest on the Certificates of Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificates of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificates of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the respective Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

SECTION 7. SURPLUS REVENUES. Pursuant to Section 363.135 of the Health and Safety Code, the Certificates of Obligation additionally shall be payable from and secured by surplus revenues derived by the City from the City's Solid Waste Management System remaining after, but never to exceed $1,000 in aggregate total, (a) payment of all amounts constituting operation and maintenance expenses of said Solid Waste Management System, and (b) payment of all debt service, reserve, and other requirements and amounts required to be paid under all ordinances heretofore or hereafter authorizing (i) all bonds and (ii) all other obligations not on a parity with the Certificates of Obligation, which are payable from and secured by any Solid Waste Management System revenues, and (c) payment of all amounts payable from any Solid Waste Management System revenues pursuant to contracts heretofore or hereafter entered into by the City in accordance with law (the "***Surplus Revenues***"). If for any reason the City fails to deposit ad valorem taxes levied pursuant to Section 6 hereof to the credit of the Interest and Sinking Fund in an amount sufficient to pay, when due, the principal of and interest on the Certificates of Obligations, then Surplus Revenues may be deposited to the credit of the Interest and Sinking Fund and used to pay such principal and/or interest. The City reserves, and shall have, the right to issue bonds and other obligations not on a parity with the Certificates of Obligation, and to enter into contracts, in accordance with applicable laws, to be payable from and secured by any Solid Waste Management System revenues.

SECTION 8. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation (Series 2015) Construction Fund* (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of the Certificates of Obligation (other than proceeds representing accrued interest on the Certificates of Obligation and, as described by Section 15 hereof, any premium on the Certificates of Obligation that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the

purpose for which the Certificates of Obligation are issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Certificates of Obligation and the issuance of the Certificates of Obligation. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Certificates of Obligation, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 9. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Certificates of Obligation were issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Certificates of Obligation. It is further provided, however, that any interest earnings on Certificate of Obligation proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificates of Obligation from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 10. EMPOWERED. The City Administrator and City Treasurer are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

SECTION 11. DEFEASANCE OF THE CERTIFICATES OF OBLIGATION. (a) Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "***Defeased Certificate of Obligation***") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "***Future Escrow Agreement***") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates of Obligation shall

have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates of Obligation that is made in conjunction with the payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the City expressly reserves the right to call the Defeased Certificates of Obligation for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates of Obligation immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

(c) The term "***Defeasance Securities***" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (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 of the purchase thereof 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 on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not 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 Certificates of Obligation.

(d) Until all Defeased Certificates of Obligation shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such

Defeased Certificates of Obligation 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.

(e) In the event that the City elects to defease less than all of the principal amount of Certificates of Obligation of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates of Obligation by such random method as it deems fair and appropriate.

SECTION 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION. *(a)* *Replacement Certificates of Obligation*. In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

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

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

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

entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates of Obligation duly issued under this Ordinance.

(e) *Authority for Issuing Replacement Certificates of Obligation*. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement certificate of obligation without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such certificates of obligations is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates of Obligation in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Certificates of Obligation issued in exchange for other Certificates of Obligation.

SECTION 13. CUSTODY, APPROVAL, AND REGISTRATION OF THE CERTIFICATES OF OBLIGATION; BOND COUNSEL'S OPINION, BOND INSURANCE, AND CUSIP NUMBERS. The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Certificates of Obligation initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates of Obligation pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates of Obligation said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates of Obligation, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City), a statement regarding the issuance of a municipal bond insurance policy to secure payment of debt service on the Certificates of Obligation, if any, and the assigned CUSIP numbers may, at the option of the City, be printed on the Certificates of Obligation issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates of Obligation.

SECTION 14. COVENANTS REGARDING TAX-EXEMPTION OF INTEREST ON THE CERTIFICATES OF OBLIGATION. (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 Certificates of Obligation 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 Certificates of Obligation 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 of the Certificates of Obligation 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 Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates of Obligation, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificates of Obligation 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 Certificates of Obligation (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Certificates of Obligation 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 Certificates of Obligation being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Certificates of Obligation, 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 Certificates of Obligation, other than investment property acquired with --

(A) proceeds of the Certificates of Obligation invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Certificates of Obligation are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section l.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 Certificates of Obligation;

(7) to otherwise restrict the use of the proceeds of the Certificates of Obligation or amounts treated as proceeds of the Certificates of Obligation, as may be necessary, so

that the Certificates of Obligation 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 Certificates of Obligation) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates of Obligation 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.

(9) to assure that the proceeds of the Certificates will be used solely for new money projects or to refund Refunded Bonds that were issued after December 31, 2003 and prior to January 1, 2009.

(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 certificateholders. 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 Certificates of Obligation. 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 Certificates of Obligation, 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 Certificates of Obligation 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 Certificates of Obligation, 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 Certificates of Obligation under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Administrator or the City Treasurer of the City 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 Certificates of Obligation.

(d) Allocation of, and Limitation on, Expenditures for the Project. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (collectively referred to herein as the

"***Project***") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates of Obligation, or (2) the date the Certificates of Obligation are retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Certificates of Obligation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The City covenants that the property constituting the projects financed or refinanced with the proceeds of the Certificates of Obligation will not be sold or otherwise disposed 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 Certificates of Obligation. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), conditioned upon the purchaser identified in Section 15 hereof certifying that the aggregate initial offering price of the Certificates to the public (excluding any accrued interest) is no greater than $10 million (or such other amount permitted by such section 265 of the Code). Assuming such condition is met, in furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Certificates are issued, the City (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Certificates, will result in more than $10,000,000 (or such other amount permitted by such section 265 of the Code) of "qualified tax-exempt obligations" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Certificates are issued, by the City (or any subordinate entities) will not exceed $10,000,000 (or such other amount permitted by such section 265 of the Code) ; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in Section 14, hereof, in order that the Certificates will not be considered "private activity bonds" within the meaning of section 141 of the Code.

(g) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as *Exhibit B* as the City's written procedures.

SECTION 15. SALE AND DELIVERY OF THE CERTIFICATES OF OBLIGATION. The Certificates of Obligation are hereby initially sold and shall be delivered to ***Raymond James & Associates, Inc.*** (the "***Purchaser***"), at a price of ***$4,427,355.23 (which amount is equal to par plus an original issue premium of $147,105.65 and less underwriter's discount of $34,750.42)***, plus accrued interest on the Certificates of Obligation. The entire amount of premium on the Certificates of Obligation shall be used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended. The City will deliver to the Purchasers an Initial Certificate of Obligation in the aggregate principal amount of ***$4,315,000*** payable in principal installments on the dates and in the principal amounts shown in Section 2 hereof, and bearing interest at the rates for each respective maturity as shown in Section 3 hereof. The Initial Certificate of Obligation shall be registered in the name of ***Cede & Co.*** It is hereby officially found, determined, and declared that said purchaser is the highest bidder for the Certificates of Obligation as a result of invitations for competitive bids. It is further officially found, determined, and declared that the Certificates of Obligation have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and the Preliminary Official Statement, dated July 16, 2015, prepared and distributed in connection with the sale of the Certificates. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the City's Financial Advisor, the City Council hereby determines that the final terms of the Certificates of Obligation as set forth in this Ordinance and resulting from the receipt of such competitive bids are in the City's best interests.

SECTION 16. APPROVAL OF OFFICIAL STATEMENT. The City hereby approves the form and content of the Official Statement relating to the Certificates of Obligation and any addenda, supplement, or amendment thereto, and approves the distribution of the Official Statement in the reoffering of the Certificates of Obligation by the Purchasers in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement for the Certificates of Obligation, dated July 16, 2015, prior to the date hereof is hereby ratified and confirmed. The City Council finds and determines that the Preliminary Official Statement and the Official Statement were and are "deemed final" as of each of their respective dates within the meaning, and for the purpose, of Rule 15c2-12 promulgated under authority granted by the Federal Securities and Exchange Act of 1934.

SECTION 17. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The Mayor, Mayor Pro-Tem, City Secretary, City Administrator and City Treasurer of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge,

and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates of Obligation, the sale of the Certificates of Obligation, the Official Statement, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Certificates of Obligation, the Mayor, Mayor Pro-Tem, City Secretary, City Administrator, City Treasurer, the City Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or correction 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 satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Certificates of Obligation by the Attorney General's office. In case any officer whose signature shall appear on any Certificate of Obligation shall cease to be such officer before the delivery of such Certificate of Obligation, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 18. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owners of the Certificates of Obligation, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Certificate of Obligation remains outstanding except as permitted in this Section. The City may, without the consent of or notice to any Registered Owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners. The City may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates of Obligation, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Certificate of Obligation over any other Certificate of Obligation, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Certificates of Obligation required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owners of a majority in aggregate principal amount of the Certificates of Obligation then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in

substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

Section 19. CONTINUING DISCLOSURE OF INFORMATION.

(a) *Definitions*. As used in this Section, the following terms have the meanings ascribed to such terms below:

"***EMMA***" means the Electronic Municipal Market Access system being established by the MSRB.

"***MSRB***" means the Municipal Securities Rulemaking Board.

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

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

(b) *Annual Reports.* The City shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance, being the information described in Exhibit C. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in the Pricing Certificate, 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 (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB through EMMA 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 paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) *Event Notices*.

(i) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates of Obligation, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;

2. Modifications to rights of Certificateholders;

3. Certificate calls;

4. Release, substitution, or sale of property securing repayment of the Certificates of Obligation;

5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and

6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The City shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Certificates of Obligation, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or 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-exempt status of the Certificates of Obligation, or other events affecting the tax-exempt status of the Certificates of Obligation;

6. Tender offers;

7. Defeasances;

8. Rating changes; and

9. Bankruptcy, insolvency, receivership or similar event of an obligated person .

(iii) The City shall notify the MSRB through EMMA, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) *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 Certificates of Obligation within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 7 of this Ordinance that causes Certificates of Obligation no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Certificates of Obligation, 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 Certificates of Obligation at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY CERTIFICATE 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.

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 Certificates of Obligation in the primary offering of the Certificates of Obligation 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 Certificates of Obligation consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Certificates of Obligation. 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 Certificates of Obligation in the primary offering of the Certificates of Obligation. 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 (b) 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.

SECTION 20. **SECURITY INTEREST**. Chapter 1208, Texas Government Code, applies to the issuance of the Certificates of Obligation and the pledge of the ad valorem taxes and surplus revenues granted by the City under Sections 6 and 7 of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates of Obligation are outstanding and unpaid such that the pledge of the ad valorem taxes or surplus revenues granted by the City under Sections 6 and 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Certificates of Obligation 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, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 21. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Certificates of Obligation, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the

Holders of any of the Certificates of Obligation shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 22. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City, the Purchasers and the registered owners of the Certificates of Obligation, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Purchasers and the registered owners of the Certificates of Obligation.

SECTION 23. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 24. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 25. PROJECT FUNDING AGREEMENT. The City Council of the City hereby approves the Project Funding Agreement with the City of Helotes Economic Development Corporation attached hereto as Exhibit D.

SECTION 26. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

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PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS AT A REGULAR MEETING ON THE 23rd DAY OF JULY, 2015, AT WHICH MEETING A QUORUM WAS PRESENT.

Mayor

ATTEST:

City Secretary

(CITY SEAL)

** ** ** ** **

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Certificates, the City's chief financial officer (the "Responsible Person"), which currently is the City Treasurer, will:

(i) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Certificates does not exceed an amount equal to the debt service on the Certificates in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Certificates for the immediately preceding 12-month period;

(ii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and

(iv) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the date of delivery of the Certificates (the "Issue Date"), and (B) within 30 days after the date the Certificates are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Certificates the Responsible Person will:

(i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;

(ii) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;

(iii) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);

(iv) monitor whether, at any time the Certificates are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

(v) determine whether, at any time the Certificates are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;

(vi) determine whether, at any time the Certificates are outstanding, the facilities are sold or otherwise disposed of; and

(vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Certificates and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Certificates. If any portion of the Certificates is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Certificates. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 19 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually 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 annual audited financial statements of the City or the unaudited financial statements of the City in the event audited financial statements are not completed within six months after the end of any fiscal year.

2. All quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables 1 through 6 and 8 through 15.

Accounting Principles

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

EXHIBIT D

PROJECT FUNDING AGREEMENT

OFFICIAL BID FORM

Honorable Mayor and City Council
City of Helotes, Texas

July 23, 2015

Honorable Mayor and Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated July 16, 2015 relating to $4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015, both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par **and accrued interest from August 1, 2015** plus a premium of $112,355.23 (not to exceed 5% of par amount of Certificates) for Certificates maturing and bearing interest as follows:

Stated Maturity (February 1)	Principal Amount	Interest Rate	Stated Maturity (February 1)	Principal Amount	Interest Rate
2016	$ 90,000	3.000%	2026		
2017	$ 90,000	3.000%	2027		
2018	$ 260,000	3.000%	2028	$ 585,000	3.125%
2019	$ 90,000	3.000%	2029	$ 555,000	3.125%
2020	$ 90,000	3.000%	2030	$ 545,000	3.250%
2021			2031	$ 245,000	3.250%
2022			2032		
2023			2033		
2024			2034		
2025			2035		

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificate, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Maturity Date February 1	Year of First Mandatory Redemption	Principal Amount	Interest Rate
2023	2021	$ 285,000	3.000%
2027	2024	$ 410,000	3.500%
2033	2032	$ 520,000	3.625%
2035	2034	$ 550,000	3.625%

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST 3.093429%

The Initial Certificates shall be registered in the name of Cede & Co., which will, upon payment for the Certificates, be canceled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

_____

A bank cashier's check or certified check of the Frost National Bank, San Antonio, TX, in the amount of $88,000, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions. Such Good Faith Deposit is payable to the order of the "City of Helotes, Texas". If the Certificates are awarded to us, the Good Faith Deposit will remain uncashed and will be returned to us at the time of delivery of the Certificates by the City.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds to the Paying Agent/Registrar, not later than 10:00 AM, CDT, on August 20, 2015, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the Initial Purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City.

If the bid is accepted by the City, this bid shall thereupon become a contract of purchase for the Certificates under the terms contained in this Official Bid Form and in the Notice of Sale and Bidding Instructions. We hereby acknowledge that we have received and read the Notice of Sale and Bidding Instructions and Preliminary Official Statement referred to above.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Raymond James & Associates, Inc.
Name of Underwriter or Manager

Randall Hawkins
Authorized Representative

214-365-5546
Phone Number

Signature

Syndicate Members:

Alone

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Helotes, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 23rd day of July, 2015.

ATTEST:

Grace Zamora
City Secretary

Mayor
City of Helotes, Texas

CITY OF HELOTES ★ COUNTY OF BEXAR ★ INCORPORATED 1981

OFFICIAL STATEMENT
Dated July 23, 2015

Ratings:
S&P: "AA"
(See "OTHER INFORMATION – Ratings" herein.)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates (defined below) will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative maximum tax on corporations.

THE CERTIFICATES HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$4,315,000
CITY OF HELOTES, TEXAS
(Bexar County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015

Dated Date: August 1, 2015 **Due: February 1, as shown on inside cover**

PAYMENT TERMS . . . Interest on the $4,315,000 City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 (the "Certificates") will accrue from August 1, 2015 (the "Dated Date"), will be payable on February 1 and August 1 of each year commencing February 1, 2016, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA dba Bank of Texas, Austin, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued by the City of Helotes, Texas (the "City") pursuant to the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.063, as amended, Section 363.135, as amended, Texas Health and Safety Code, and an ordinance (the "Ordinance") adopted by the City Council on July 23, 2015. See "THE CERTIFICATES - Authority for Issuance of the Certificates."

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus revenues of the City's Solid Waste Management System, as provided in the Ordinance. See "THE CERTIFICATES – Security and Source of Payment."

PURPOSE . . . Proceeds from the sale of the Certificates will be used to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects and the Certificates. (See "THE CERTIFICATES – Use of Certificate Proceeds."

CUSIP PREFIX: 423482
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the "Initial Purchaser" (defined herein) and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, San Antonio, Texas (see APPENDIX C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on Thursday, August 20, 2015.

MATURITY SCHEDULE **CUSIP Number Prefix: 423482[1]**

$2,550,000 Serial Certificates

Principal Amount	Stated Maturity (February 1)	Interest Rate	Initial Price or Yield	Cusip Number Suffix[1]	Principal Amount	Stated Maturity (February 1)	Interest Rate	Initial Price or Yield	Cusip Number Suffix[1]
$ 90,000	2016	3.000%	0.450%	AX6	****	*****	****	****	****
90,000	2017	3.000%	0.800%	AY4	$ 585,000	2028[2]	3.125%	2.600%	BK3
260,000	2018	3.000%	1.000%	AZ1	555,000	2029[2]	3.125%	2.700%	BL1
90,000	2019	3.000%	1.400%	BA5	545,000	2030[2]	3.250%	2.850%	BM9
90,000	2020	3.000%	1.550%	BB3	245,000	2031[2]	3.250%	3.000%	BN7

$1,765,000 Term Certificates

$285,000 3.000% Term Certificate due February 1, 2023 Priced to Yield 2.100% – CUSIP Suffix: BE7[1]
$410,000 3.500% Term Certificate due February 1, 2027 Priced to Yield 2.350%[2] – CUSIP Suffix: BJ6[1]
$520,000 3.625% Term Certificate due February 1, 2033 Priced to Yield 3.350%[2] – CUSIP Suffix: BQ0[1]
$550,000 3.625% Term Certificate due February 1, 2035 Priced to Yield 3.450%[2] – CUSIP Suffix: BS6[1]

(Accrued interest from August 1, 2015 to be added)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the City nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Yield calculated based on the assumption that the Certificates denoted and sold at a premium will be redeemed on February 1, 2023, the first optional call date for such Certificates, at a redemption price of par plus accrued interest to the redemption date.

REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2024, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, February 1, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE CERTIFICATES – Optional Redemption" herein. Only those Term Certificates (defined herein) maturing on February 1, 2027, February 1, 2033 and February 1, 2035 are subject to optional redemption as previously described; however; all Term Certificates are subject to mandatory sinking fund redemption. See "THE CERTIFICATES – Mandatory Redemption" herein.

USE OF INFORMATION

This Official Statement, which includes the cover page, Schedule and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation, promise or guarantee of the Financial Advisor.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Financial Advisor. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein. See "OTHER INFORMATION – Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE INITIAL PURCHASER MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM.

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, IF ANY, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. THE CERTIFICATES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENT.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY..... The City of Helotes, Texas (the "City") is a political subdivision and a Type A General Law City of the State of Texas (the "State"), located in Bexar County, Texas. The City covers approximately 6.71 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES ..... The Certificates are issued as $4,315,000 City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015. The Certificates are issued as serial certificates maturing on February 1 in the years 2016 through 2020 and 2028 through 2031, and as four term certificates maturing on February 1 in each of the years 2023, 2027, 2033 and 2035 (the "Term Certificates") (see "THE CERTIFICATES - Description of the Certificates").

PAYMENT OF INTEREST ..... Interest on the Certificates accrues from August 1, 2015 (the "Dated Date"), and is payable initially on February 1, 2016 and each August 1 and February 1 thereafter until stated maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates" and "THE CERTIFICATES – Optional Redemption" and "- Mandatory Redemption").

AUTHORITY FOR ISSUANCE ..... The Certificates are being issued pursuant to the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.063, as amended, Section 363.135, as amended, Texas Health and Safety Code, and an ordinance (the "Ordinance") adopted by the City Council on July 23, 2015. See "THE CERTIFICATES - Authority for Issuance of the Certificates" and "- Security and Source of Payment".

SECURITY FOR THE CERTIFICATES ..... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus revenues of the City's Solid Waste Management System, as provided in the Ordinance.

QUALIFIED TAX-EXEMPT OBLIGATIONS..... The City has designated the Certificates as "Qualified Tax-Exempt Obligations" for financial institutions (see "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions").

REDEMPTION ..... The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2024, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE CERTIFICATES – Optional Redemption" herein. Only those Term Certificates (defined herein) maturing on February 1, 2027, February 1, 2033 and February 1, 2035 are subject to optional redemption as previously described; however; all Term Certificates are subject to mandatory sinking fund redemption. See "THE CERTIFICATES – Mandatory Redemption" herein.

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS" herein, including the alternative minimum tax on corporations.

USE OF PROCEEDS ..... Proceeds from the sale of the Certificates will be used to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails

throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects and the Certificates. See "THE CERTIFICATES – Use of Certificate Proceeds."

RATINGS ..... The Certificates and the presently outstanding tax supported debt of the City are rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. The City also has one issue outstanding that was privately placed and is not rated (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY SYSTEM ..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the book-entry-only system described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System").

PAYMENT RECORD ..... The City has never defaulted in payment of its general obligation and tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population[1]	Net Taxable Assessed Valuation[2]	Freeze Adjusted Equivalent Taxable Assessed Valuation[3]	Freeze Adjusted Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year[4]	Ratio of Net G.O. Tax Debt to Freeze Adjusted Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita	% of Total Tax Collections
2011	7,341	$ 726,218,796	$ 722,299,068	$ 98,392	$ 5,975,759	0.83%	$ 814	99.82%
2012	7,060	732,961,843	730,494,234	103,469	5,631,993	0.77%	798	99.84%
2013	7,880	748,139,908	746,261,275	94,703	5,271,239	0.71%	669	99.74%
2014	8,104	769,551,378	767,400,922	94,694	4,896,494	0.64%	604	99.46%
2015	8,104	828,244,748	821,557,471	101,377	8,332,281 [5]	1.01%	1,028	(6)

(1) Source: City of Helotes, Texas Annual Financial Report For Year Ended 2014.
(2) As reported by the Bexar Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) The Freeze Adjusted Equivalent Taxable Assessed Valuation is calculated by converting the Actual Tax value in the Certified Totals by Bexar County Appraisal District into a taxable assessed valuation equivalent.
(4) Does not include self-supporting debt.
(5) Includes a portion of the Certificates.
(6) In process of collection.

CHANGE IN NET ASSETS

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Beginning Net Assets	$ 5,095,716	$ 5,334,063	$ 5,776,653	$ 5,777,479	$ 5,815,584
Total Revenue	6,443,882	5,738,520	5,281,591	5,440,025	4,754,358
Total Expenditures	(6,326,971)	(5,976,867)	(5,724,181)	(5,440,851)	(4,792,463)
Transfers	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Ending Net Assets	$ 5,212,627	$ 5,095,716	$ 5,334,063	$ 5,776,653	$ 5,777,479

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Beginning Balance	$ 3,012,454	$ 2,587,951	$ 2,258,980	$ 2,236,883	$ 2,457,493
Total Revenue	5,185,568	4,514,967	4,178,138	4,011,208	3,773,698
Total Expenditures	(4,594,132)	(4,174,804)	(3,921,185)	(3,839,133)	(3,994,308)
Other Sources	252,631	84,340	72,018	(149,978)	-
Net Funds Available	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-
Ending Balance	$ 3,856,521	$ 3,012,454	$ 2,587,951	$ 2,258,980	$ 2,236,883

For additional information regarding the City, please contact:

Mr. Thomas A. Schoolcraft, Mayor
Mr. Rick A. Schroder, City Administrator
City of Helotes
P.O. Box 507
12951 Bandera Road
Helotes, Texas 78023
210-695-8877- Telephone
210-695-2123 - Fax
tschoolcraft@helotes-tx.gov
rschroder@helotes-tx.gov

or

Ms. Anne Burger Entrekin
First Southwest Company
70 Northeast Loop 410
Suite 710
San Antonio, Texas 78216
210-308-2200 - Telephone
210-349-7585 - Fax
anne.burgerentrekin@firstsw.com

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Length of Service	Term Expires	Occupation
Thomas A. Schoolcraft Mayor	8 Years	May 2017	Retired
Paul Friedrichs Mayor Pro Tem	4 Years	May 2017	Pharmacist
Edward Villanueva Council Member Place 1	7 Years	May 2016	Tax Consultant
Alex Blue Council Member Place 2	4 Years	May 2016	Insurance Sales
Bert Buys Council Member Place 3	4 Years	May 2017	Retired
Cynthia Massey Council Member Place 4	7 Years	May 2016	Author

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City	Total Government Service
Rick A. Schroder	City Administrator	8 Years	8 Years
Susan Wootton	City Treasurer	34 Years	34 Years
Steven M. Peña	City Attorney	7 Years	7 Years
Grace Tamez	City Secretary	8 Years	26 Years

CONSULTANTS AND ADVISORS

Auditors ..... Armstrong, Vaughan & Associates, P.C.
Universal City, Texas

Bond Counsel ..... McCall, Parkhurst & Horton L.L.P.
San Antonio, Texas

Financial Advisor..... First Southwest Company, LLC
San Antonio and Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$4,315,000
CITY OF HELOTES, TEXAS
(Bexar County, Texas)
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $4,315,000 City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance adopted by the City Council of the City of Helotes, Texas (the "City") on July 23, 2015, which authorized the issuance of the Certificates and awarded the sale of the Certificates to the bidder that submitted the lowest true interest cost for the Certificates following the receipt of competitive bids and set the final interest rates on the Certificates (the "Ordinance").

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, LLC, Dallas and San Antonio, Texas, upon request by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Certificates will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the City's undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and a Type A General Law City of the State of Texas (the "State"), duly organized and existing under the laws of the State. The City was incorporated in 1981. The City Council consists of a Mayor and five Council Members. While each Council Member is designated by a place number, the City is not divided into districts. Therefore, each Council Member represents the citizenry at large. Council Members are elected by plurality, meaning the candidate with the most votes in each place is elected to office. Members of the City Council are elected to two-year terms on alternative years. The Mayor and Council Members Places 3 and 5 are elected during odd numbered years. Council Members Places 1, 2, and 4 are elected during even numbered years. Some of the services that the City provides are: public safety (police, fire, and EMS protection), emergency dispatch services, public works, Municipal Court, and Administration. The 2010 Census population for the City was 7,341. The City covers approximately 6.71 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated August 1, 2015, and mature on February 1 in each of the years and in the amounts shown on page 2. Interest will accrue from the Dated Date to the Initial Purchaser, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 1 and August 1, commencing February 1, 2016, until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the book-entry-only system described herein. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . . The Certificates are being issued pursuant to the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code, Section 271.041 through 271.063, as amended, Section 363.135, as amended, Texas Health and Safety Code, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of surplus revenues of the City's Solid Waste Management System, as provided in the Ordinance.

USE OF CERTIFICATE PROCEEDS . . . Proceeds from the sale of the Certificates will be used to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the City; (2) complete the S.H. 16 / Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the City; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the City; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the City to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the City or its extraterritorial jurisdiction; and (6) to pay fiscal, legal, design, and engineering fees in connection with such projects and the Certificates.

Sources of Funds:	
Par Amount	$ 4,315,000.00
Premium	147,105.65
Accrued Interest	7,472.67
Total Sources of Funds	$ 4,469,578.32
Uses of Funds:	
Deposit to Construction Fund	$ 4,367,883.00
Deposit to Interest and Sinking Fund	7,472.67
Costs of Issuance	59,472.23
Purchaser's Discount	34,750.42
Total Uses of Funds	$ 4,469,578.32

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2024, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 1, 2023, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY REDEMPTION . . . The Certificates maturing on February 1, 2023, February 1, 2027, February 1, 2033 and February 1, 2035 (collectively, the "Term Certificates") are subject to mandatory sinking fund redemption prior to their stated maturity, and will be redeemed by the City, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on the dates and in the principal amounts shown in the following schedule:

Term Certificates Stated to Mature on February 1, 2023	
Year	Principal Maturity
2021	$ 95,000
2022	95,000
2023*	95,000

Term Certificates Stated to Mature on February 1, 2027	
Year	Principal Maturity
2024	$ 100,000
2025	100,000
2026	105,000
2027*	105,000

Term Certificates Stated to Mature on February 1, 2033	
Year	Principal Maturity
2032	$ 255,000
2033*	265,000

Term Certificates Stated to Mature on February 1, 2035	
Year	Principal Maturity
2034	$ 270,000
2035*	280,000

* Payable at stated maturity.

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Certificate, the Paying Agent/Registrar shall randomly select by lot or other customary method the numbers of the Term Certificate within the applicable stated maturity to be redeemed on the next following February 1 from money set aside for that purpose in the Certificate Fund (as defined in the Ordinance). Any Term Certificate not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificate of such stated maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City with money in the Interest and Sinking Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above (February 1, 2027, February 1, 2033 and February 1, 2035 Term Certificates only) and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. The notice with respect to an optional redemption of Certificates may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption will be of no effect if such moneys are not so deposited or if the notice is so rescinded. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATES OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATES OR PORTION THEREOF SHALL CEASE TO ACCRUE.

DTC REDEMPTION PROVISIONS . . . The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Certificates, will send any notice of redemption, notice of proposed amendment to the Ordinance or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised on any such notice. Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Certificates held for account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Certificates and such redemption will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Certificates for redemption.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or another authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar or authorized escrow agent for the payment of such defeased Certificates, including any insufficiency therein caused by the failure of the Paying Agent/Registrar or authorized escrow agent to receive payment when due on the Defeasance Securities. The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) 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 are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (d) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Certificates. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call such Certificates for redemption or take any other action amending the terms of such Certificates are extinguished; provided, however, that the right to call Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption, (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC") New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Certificates shall be sent to DTC. If less than all of the Certificates of a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Certificates is discontinued, printed Certificates will be issued to the DTC Participants or the holder, as the case may be, and such Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE CERTIFICATES - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA dba Bank of Texas, Austin, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or another entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the affected Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the book-entry-only system should be discontinued, the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for determining the party to whom the interest on the Certificates is payable on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("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 Holder of a Certificate appearing on the registration 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.

AMENDMENTS . . . The City may amend, change, or modify the Ordinance without the consent of or notice to any registered owners, as may be required (i) by the provisions of the Ordinance; (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein; or (iii) in connection with any other change which is not to the prejudice of the registered owners. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding and affected thereby, amend, change, modify, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, change, modification, or rescission may (i) change the date specified as the date on which the principal of or any installment of interest on the Certificates is due and payable, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, redemption price, or interest on the Certificates; (ii) give any preference to any certificates over any other certificates; (iii) extend any waiver of default to subsequent defaults; or (iv) reduce the respective aggregate principal amount of Certificates required for consent to any amendment, change, modification, or rescission.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the City defaults in the payment of the principal of or interest on the Certificates when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations 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 the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinance provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in Tooke v. City of Mexia 197 S.W.3rd 325 (Tex. 2006) that a waiver of

sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, certificate holders may not be able to bring such a suit against the City for breach of the Certificates or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Bexar Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed either the lesser of (1) the property's market value for the most recent tax year in which it was appraised or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, plus (b) the property's appraised value for the preceding tax year, plus (c) the market value of all new improvements to the property. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Texas Property Tax Code for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (2) an exemption of up to 20% of the market value of residence homesteads, subject to a minimum exemption under this provision of $5,000. The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Section 11.131 to the Tax Code provides that a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. The surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Under Article VIII and State law, the City may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the City, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or older or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following and subsequent tax years. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption for items of personal property.

In the 2011 Special Session, the Texas Legislature adopted S.B.1 which nullified all prior decisions to tax goods-in-transit. For calendar year 2012 and later, the City must act to tax goods-in-transit before January 1 of the first year in which the City proposes to tax goods-in-transit.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones ("TIFZ"), under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. Other overlapping taxing units levying taxes in the TIFZ may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIFZ in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIFZ. Taxes levied by the City against the values of real property in the TIFZ in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIFZ. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the city. In accordance with a program established pursuant to Chapter 380, a city may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the city.

TAX RATE LIMITATIONS . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. The City operates under the general laws of the State of Texas as authorized by Article XI, Section 4 of the Texas Constitution, which limits the maximum tax rate to $1.50 per $100 Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of $1.00 of the $1.50 maximum tax rate for all General Obligation Debt, based on 90% tax collection.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . Before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the City, the City Council is required to adopt a tax rate per $100 taxable value for the current year. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate." A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings have been held on the proposed tax rate following notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items for the purpose of reducing the ad valorem tax rate. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $20,000; the disabled are also granted an exemption of $12,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Bexar County Tax Assessor-Collector collects taxes for the City.

The City does permit split payments, and discounts are not allowed.

The City does tax freeport property.

The City does tax goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy, pursuant to Chapter 82 Taxation, Article III Tax Abatement for the Old Town Helotes Special District of the Municipal Code of Ordinance.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2014/2015 Market Valuation Established by Bexar County Appraisal District (excluding totally exempt property)		$ 888,991,051
Less Exemptions/Reductions at 100% Market Value:		
Homestead Cap Adjustment	$ 2,033,877	
Disabled Veterans	20,715,391	
Over 65	12,435,980	
Exempt Property	19,789,741	
Leased Vehicle Exemption	2,684,170	
Productivity Loss	2,882,331	
House Bill 366	4,997	
Other	199,816	60,746,303
2014/2015 Net Taxable Assessed Valuation		$ 828,244,748
2014/2015 Net Freeze Adjusted Equivalent Taxable Assessed Valuation[(1)]		$ 821,557,471
General Obligation Debt Payable from Ad Valorem Taxes as of May 31, 2015[(2)]		
Certificates of Obligation	$ 7,905,000	
The Certificates	4,315,000	
General Obligation Debt Payable from Ad Valorem Taxes		$ 12,220,000
Less: Self-Supporting General Obligation Debt		
EDC Sales Tax Supported Certificates of Obligation Debt	$ 3,008,506	
The Certificates	487,480	$ 3,495,986
Net General Obligation Debt Payable from Ad Valorem Taxes		$ 8,724,014
General Obligation Interest and Sinking Fund as of May 31, 2015		$ 213,912
Ratio Net General Obligation Tax Debt to Net Taxable Assessed Valuation		1.06%

2015 Estimated Population - 8,104
Per Capita Net Taxable Assessed Valuation - $102,202
Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $1,508
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $1,077

(1) Net Freeze Adjusted Equivalent Taxable Assessed Valuation calculated by adding the Freeze Adjusted Value to a valuation equivalent to the Actual Tax value of $497,279 in the Bexar County Certified Totals.

(2) General obligation debt in the amounts shown for which repayment is provided from revenues of the waterworks and sewer system or from economic development sales tax revenues provided by the City of Helotes Texas Economic Development Corporation (the "EDC"). The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from the waterworks and sewer system revenues and the EDC; this policy is subject to change in the future.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2015		2014		2013	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 733,252,618	82.48%	$ 690,605,626	83.41%	$ 669,725,498	83.50%
Real, Residential, Multi-Family	561,264	0.06%	541,453	0.07%	467,862	0.06%
Real, Vacant Lots/Tracts	21,249,905	2.39%	23,972,697	2.90%	28,699,897	3.58%
Real, Acreage (Land Only)	2,936,794	0.33%	3,460,582	0.42%	5,492,502	0.68%
Real, Farm and Ranch Improvements	2,961,492	0.33%	2,646,425	0.32%	613,235	0.08%
Real, Commercial & Industrial	78,220,642	8.80%	66,683,917	8.05%	57,294,210	7.14%
Real and Tangible Personal, Utilities	743,913	0.08%	753,524	0.09%	775,895	0.10%
Tangible Personal, Business	21,390,645	2.41%	11,922,203	1.44%	13,375,468	1.67%
Tangible Personal, Other	42,270	0.00%	45,080	0.01%	54,067	0.01%
Real Property, Inventory	5,135,890	0.58%	3,598,920	0.43%	4,288,560	0.53%
Exempt	22,495,618	2.53%	23,710,567	2.86%	21,246,866	2.65%
Total Appraised Value Before Exemptions	$ 888,991,051	100.00%	$ 827,940,994	100.00%	$ 802,034,060	100.00%
Less: Total Exemptions/Reductions	60,746,303		58,389,616		53,894,152	
Net Taxable Assessed Value	$ 828,244,748		$ 769,551,378		$ 748,139,908	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2012		2011	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 652,931,873	83.29%	$ 643,857,380	83.32%
Real, Residential, Multi-Family	449,747	0.06%	465,940	0.06%
Real, Vacant Lots/Tracts	28,000,233	3.57%	29,664,143	3.84%
Real, Acreage (Land Only)	6,252,132	0.80%	6,857,457	0.89%
Real, Farm and Ranch Improvements	590,050	0.08%	621,860	0.08%
Real, Commercial & Industrial	54,288,489	6.93%	54,620,863	7.07%
Real and Tangible Personal, Utilities	805,606	0.10%	835,290	0.11%
Tangible Personal, Business	12,236,030	1.56%	10,942,242	1.42%
Tangible Personal, Other	64,474	0.01%	66,293	0.01%
Real Property, Inventory	6,823,330	0.87%	3,944,850	0.51%
Exempt	21,497,696	2.74%	20,887,410	2.70%
Total Appraised Value Before Exemptions	$ 783,939,660	100.00%	$ 772,763,728	100.00%
Less: Total Exemptions/Reductions	50,977,817		46,544,932	
Net Taxable Assessed Value	$ 732,961,843		$ 726,218,796	

NOTE: Valuations shown are certified taxable assessed values reported by the Bexar Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[1]	Net Taxable Assessed Valuation[2]	Freeze Adjusted Equivalent Taxable Assessed Valuation[3]	Freeze Adjusted Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt Outstanding at End of Year[4]	Ratio of Net G.O. Tax Debt to Freeze Adjusted Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2011	7,341	$ 726,218,796	$ 722,299,068	$ 98,392	$ 5,975,759	0.83%	$ 814
2012	7,060	732,961,843	730,494,234	103,469	5,631,993	0.77%	798
2013	7,880	748,139,908	746,261,275	94,703	5,271,239	0.71%	669
2014	8,104	769,551,378	767,400,922	94,694	4,896,494	0.64%	604
2015	8,104	828,244,748	821,557,471	101,377	8,332,281 [5]	1.01%	1,028

(1) Source: City of Helotes, Texas Annual Financial Report For Year Ended 2014.
(2) As reported by the Bexar Central Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
(3) The Freeze Adjusted Equivalent Taxable Assessed Valuation is calculated by converting the Actual Tax value in the Certified Totals by Bexar County Appraisal District into a taxable assessed valuation equivalent.
(4) Does not include self-supporting debt.
(5) Includes a portion of the Certificates.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy[1]	Actual Tax Included in Tax Levy	% Current Collections	% Total Collections
2011	$ 0.3637	$ 0.2827	$ 0.0809	$ 2,614,869	$ 376,306	99.09%	99.82%
2012	0.3600	0.2826	0.0774	2,622,552	406,501	99.31%	99.84%
2013	0.3550	0.2731	0.0819	2,635,251	420,572	99.37%	99.74%
2014	0.3500	0.2715	0.0785	2,682,643	455,853	99.46%	99.46%
2015	0.3500	0.2715	0.0785	2,898,857	497,279	In Process of Collection	

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2014/15 Net Taxable Assessed Valuation	% of Total Net Taxable Assessed Valuation
Wal Mart Stores Inc #2404	Retail	$ 22,380,970	2.70%
Bandera Helotes Plaza LLC	Retail	5,180,000	0.63%
JDL Texas Ventures LTD	Retail	4,694,760	0.57%
White Turkey Creek LTD	Real Estate	3,760,815	0.45%
TKGSM-TX LP	Real Estate	3,008,930	0.36%
Pela General Builders LLC	Retail	2,656,809	0.32%
8990 Helotes Holdings LLC	Real Estate	2,438,890	0.29%
CCP Shurgard Venture LLC	Real Estate	2,433,910	0.29%
HSF Properties LLC	Real Estate	2,166,485	0.26%
Highland Homes-San Antonio LTD	Real Estate	2,056,200	0.25%
		$ 50,777,769	6.13%

TABLE 6 - TAX ADEQUACY

2015 Principal and Interest Requirements[1]	$ 577,640
$0.0705 Tax Rate at 99% Collection Produces	$ 578,073
Average Annual Principal and Interest Requirements, 2015- 2035[1]	$ 551,341
$0.0673 Tax Rate at 99% Collection Produces	$ 551,835
Maximum Annual Principal and Interest Requirements, 2018[1]	$ 787,686
$0.0961 Tax Rate at 99% Collection Produces	$ 787,984

(1) Does not include self-supporting debt, including a portion of the Certificates.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of taxing bodies with territory in the City.

Taxing Jurisdiction	2014/15 Net Taxable Assessed Value	2014/15 Tax Rate	Total G.O. Tax Debt As of 5/30/2015	Estimated % Applicable	City's Overlapping G.O. Tax Debt As of 5/30/2015	Authorized But Unissued Debt As Of 5/30/2015
Helotes, City of	$ 828,244,748	$ 0.3500	$ 8,724,014 [1]	100.00%	$ 8,724,014 [1]	$ -
Alamo Community College District	114,941,730,149	0.1490	472,660,000	0.81%	3,828,546	-
Bexar County	102,257,676,343	0.3150	1,557,970,000	0.81%	12,619,557	37,265,887
Bexar County Hospital District	111,322,868,161	0.2760	695,560,000	0.81%	5,634,036	-
Northside ISD	35,693,613,778	1.3760	1,955,500,000	2.26%	44,194,300	703,635,218
Total Direct and Overlapping G.O. Tax Debt					$ 75,000,453	
Ratio of Direct and Overlapping G.O. Tax Debt to Taxable Assessed Valuation					9.06%	
Per Capita Overlapping G.O. Tax Debt					$ 9,254.74	

(1) Excludes self-supporting debt, includes the Certificates.

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service[1] Principal	Outstanding Debt Service[1] Interest	Outstanding Debt Service[1] Total	The Certificates Principal	The Certificates Interest	The Certificates Total	Less: Self-Supporting Debt Service	Total Net Tax-Supported Debt Service	% of Principal Retired
2015	$ 570,000	$ 300,639	$ 870,639	$ -	$ -	$ -	$ 292,998	$ 577,640	
2016	595,000	277,370	872,370	90,000	140,238	230,238	318,808	783,799	
2017	625,000	252,895	877,895	90,000	137,538	227,538	318,811	786,621	
2018	500,000	230,495	730,495	260,000	132,288	392,288	335,096	787,686	
2019	525,000	210,353	735,353	90,000	127,038	217,038	318,343	634,048	27.37%
2020	550,000	189,230	739,230	90,000	124,338	214,338	319,726	633,841	
2021	570,000	167,222	737,222	95,000	121,563	216,563	318,732	635,052	
2022	595,000	144,329	739,329	95,000	118,713	213,713	319,901	633,141	
2023	620,000	120,455	740,455	95,000	115,863	210,863	320,108	631,209	
2024	645,000	95,597	740,597	100,000	112,688	212,688	319,902	633,382	55.65%
2025	675,000	69,659	744,659	100,000	109,188	209,188	321,246	632,601	
2026	700,000	42,641	742,641	105,000	105,600	210,600	320,663	632,578	
2027	735,000	14,443	749,443	105,000	101,925	206,925	323,042	633,326	
2028	-	-	-	585,000	90,947	675,947	75,932	600,015	
2029	-	-	-	555,000	73,134	628,134	70,228	557,906	84.78%
2030	-	-	-	545,000	55,606	600,606	66,771	533,835	
2031	-	-	-	245,000	42,769	287,769	36,891	250,878	
2032	-	-	-	255,000	34,166	289,166	37,248	251,918	
2033	-	-	-	265,000	24,741	289,741	37,010	252,731	
2034	-	-	-	270,000	15,044	285,044	37,258	247,785	97.71%
2035	-	-	-	280,000	5,075	285,075	36,913	248,162	100.00%
	$ 7,905,000	$ 2,115,326	$ 10,020,326	$ 4,315,000	$ 1,788,456	$ 6,103,456	$ 4,545,629	$ 11,578,153	

(1) "Outstanding Debt" does not include lease/purchase obligations.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2015		$ 577,640
Interest and Sinking Fund, 9/30/2014	$ 4,107	
$0.0705 Tax Rate at 99% Collections Produces	578,073	582,180
Estimated Balance, 9/30/2015		$ 4,540

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Net EDC Sales Tax Revenue Available as of 9/30/2014	$ 537,011
Less: Requirements for EDC Sales Tax Revenue Bonds	-
Balance Available for Other Purposes	$ 537,011
Maximum Requirements for EDC Sales Tax Supported General Obligation Debt(1)	$ 336,954
Percentage of EDC Sales Tax Supported General Obligation Debt Self-Supporting(1)	100%

(1) Includes a portion of the Certificates.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

The City does not have any authorized but unissued voted general obligation bonds. The City is authorized by the laws of the State to issue and incur general obligation debt, such as the Certificates, for certain authorized purposes without an election.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next few years.

TABLE 12 – OTHER OBLIGATIONS

The City leased 5 police vehicles in April 2011. The lease calls for annual payments of $28,805 through April 2014. The City leased two additional police vehicles in October 2011 and a code enforcement vehicle in February 2012. In April 2013, the City entered into another lease agreement for three more vehicles. All of the leases have effective interest rates between 6.1% and 6.6% and have bargain purchase options of $1 upon maturity. Future minimum lease payments are as follows:

Fiscal Year Ending 9/30	Lease Payments
2015	$ 42,765
2016	22,999
	65,764
Less: Interest Amount	(5,127)
	60,637

The following is an analysis of the property under capital lease as of September 30, 2014:

Transportation & Equipment	$ 261,166
Less: Accumulated Depreciation	(188,705)
Net Leased Property	$ 72,461

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System ("TMRS"), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (For more detailed information concerning the retirement plan, see APPENDIX B, "Excerpts from the City's Annual Financial Report" - Note L).

OTHER POST-EMPLOYMENT BENEFITS . . . The City also participates in the cost sharing multiple-employer defined group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate, as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2014, 2013 and 2012 were $3,359, $2,953, and $3,201, respectively, and were equal to the required contributions each year.

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
REVENUES:					
Program Revenues:					
Charges for Services	$ 1,510,373	$ 1,014,911	$ 1,029,098	$ 889,611	$ 731,106
Operating Grants and Contributions	8,682	8,665	10,594	7,168	17,607
Capital Grants and Contributions	-	-	-	416,050	-
General Revenues:					
Property Taxes	2,681,143	2,639,461	2,635,240	2,626,085	2,632,523
Sales Taxes	1,645,268	1,424,354	1,054,778	970,912	871,043
Franchise Taxes	527,251	477,344	442,683	455,020	392,595
Interest amd Investment Earnings	9,892	5,859	8,488	21,114	74,450
Miscellaneous	61,273	167,926	100,710	54,065	35,034
Total Revenues	$ 6,443,882	$ 5,738,520	$ 5,281,591	$ 5,440,025	$ 4,754,358
EXPENSES:					
Primary Government:					
City Council	$ 3,477	$ 2,891	$ 1,952	$ 2,220	$ 1,601
City Administration	1,005,449	830,758	777,467	680,091	658,203
City Secretary	102,401	99,534	92,634	95,229	89,391
Human Resources	10,031	14,445	13,321	13,358	-
Municipal Court	298,008	269,700	272,767	245,506	236,389
Animal Control, Public Works	464,904	433,462	417,889	389,432	260,390
Development Services	99,167	93,908	51,626	53,911	56,236
Buildings and Grounds	350,322	324,282	297,025	360,351	242,053
Police Department	1,557,978	1,558,849	1,545,810	1,505,223	1,664,264
Dispatch	419,557	370,269	319,658	273,290	-
Emergency Medical Services	447,289	455,302	440,165	281,390	259,704
Fire Department	1,241,411	1,106,778	1,120,975	1,156,926	917,726
Interest and Fiscal Fees on Long-term Debt	326,977	416,689	372,892	383,924	406,506
Total Expenditures	$ 6,326,971	$ 5,976,867	$ 5,724,181	$ 5,440,851	$ 4,792,463
Change in Net Position Before Transfers	$ 116,911	$ (238,347)	$ (442,590)	$ (826)	$ (38,105)
Transfers	-	-	-	-	-
Change in Net Position	$ 116,911	$ (238,347)	$ (442,590)	$ (826)	$ (38,105)
Beginning Net Position	5,095,716	5,334,063	5,776,653	5,777,479	5,815,584
Ending Net Position	$ 5,212,627	$ 5,095,716	$ 5,334,063	$ 5,776,653	$ 5,777,479

TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
REVENUES	2014	2013	2012	2011	2010
Taxes	$ 3,212,362	$ 2,987,294	$ 2,780,870	$ 2,722,045	$ 2,564,867
Franchise Fees	527,251	477,344	442,683	455,020	392,595
Licenses and Permits	968,433	489,073	356,245	269,821	234,617
Municipal Court	329,504	309,419	412,014	386,512	379,329
Fire Department	75,155	75,081	76,695	75,060	75,305
Grants	-	-	-	-	10,171
Interest	7,308	3,767	6,073	17,913	32,076
Miscellaneous	65,555	172,989	103,558	84,837	84,738
Total Revenues	$ 5,185,568	$ 4,514,967	$ 4,178,138	$ 4,011,208	$ 3,773,698
EXPENDITURES					
Current Expenditures:					
City Council	$ 3,477	$ 2,891	$ 1,952	$ 2,220	$ 1,601
City Administration	792,608	673,778	602,384	550,353	551,387
City Secretary	104,296	97,265	93,323	92,184	86,891
Human Resources	10,031	14,445	13,321	13,358	-
Municipal Court	289,042	263,895	263,797	260,169	230,933
Animal Control, Public Works	232,348	206,188	189,702	164,919	157,826
Development Services	90,866	92,557	53,011	53,974	55,596
Buildings and Grounds	282,776	251,854	242,912	245,973	182,595
Police Department	1,424,571	1,449,750	1,361,029	1,359,034	1,583,501
Emergency Services	-	-	-	-	259,704
Fire Department	1,090,695	951,384	926,726	941,619	828,372
Capital Outlay	223,422	99,228	124,458	126,525	55,902
Debt Service:					
Principal	50,000	64,902	43,882	28,805	-
Interest and Fiscal Charges	-	6,667	4,688	-	-
Total Expenses	$ 4,594,132	$ 4,174,804	$ 3,921,185	$ 3,839,133	$ 3,994,308
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	$ 591,436	$ 340,163	$ 256,953	$ 172,075	$ (220,610)
OTHER FINANCING SOURCES (USES)					
Proceeds from Note Payable	$ 200,000	$ -	$ -	$ -	$ -
Proceeds from Capital Lease	-	84,340	72,018	105,657	-
Transfers In	52,631	-	-	-	-
Transfers Out	-	-	-	(255,635)	-
Total Other Financing Sources (Uses)	$ 252,631	$ 84,340	$ 72,018	$ (149,978)	$ -
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	$ 844,067	$ 424,503	$ 328,971	$ 22,097	$ (220,610)
FUND BALANCES AT BEGINNING OF YEAR	$ 3,012,454	$ 2,587,951	$ 2,258,980	$ 2,236,883	$ 2,457,493
FUND BALANCES AT END OF YEAR	$ 3,856,521	$ 3,012,454	$ 2,587,951	$ 2,258,980	$ 2,236,883

TABLE 14 - MUNICIPAL SALES TAX

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In July, 2003, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½% of 1%) for economic development. The sales tax for economic development is collected solely for the benefit of the EDC, and may be pledged to secure payment of sales tax revenue bonds issued by the Corporation.

Fiscal Year Ended 9/30	Total Collected[1]	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita[2]
2010	$ 580,695	22.22%	$ 0.0805	$ 72.95
2011	647,274	24.75%	0.0891	88.17
2012	703,185	26.81%	0.0959	99.60
2013	949,568	36.03%	0.1269	120.50
2014	1,096,845	40.89%	0.1425	135.35

(1) Excludes half-cent sales tax for economic development.
(2) Based on population from the City of Helotes, Texas Annual Financial Report For Year Ended 2014.

In addition, the Tax Code provides cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year. Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including crime prevention, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8¼%.

The sales tax breakdown for the City is as follows:

Economic and Community Development	0.50¢
City Sales and Use Tax	1.00¢
County Sales and Use Tax	0.00¢
State Sales and Use Tax	6.25¢
Total	7.75¢

FINANCIAL POLICIES

Basis of Accounting . . . Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measured but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

General Fund . . . The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, development services and capital acquisition.

Economic Development Corporation . . . The Economic Development Corporation is used to account for sales tax proceeds collected to promote economic development in the City.

INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council of the City. Both state law and the City's investment policies are subject to change.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE CITY . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (a) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (b) where (i) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (ii) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (iv) the City appoints the depository institution selected under (i) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) securities lending programs if (a) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (i) obligations that are described in clauses (1) through (6) above, (ii) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (iii) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (b) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (c) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (d) the agreement to lend securities has a term of one year or less; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies, or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the United States Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; and, (13) no-load mutual funds registered with the United States Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAA-m or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the City's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and probable income to be derived." At least quarterly the City's investment officers must submit an investment report to the City Council detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City, (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the City's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

TABLE 15 - CURRENT INVESTMENTS[(1)]

As of March 31, 2015 the City's investable funds were invested in the following categories:

Description	% of Portfolio	Book Value	Market Value
Bank Deposits (Checking Account)	6.61%	$ 159,026	$ 159,026
Bank Money Market Accounts	83.03%	1,998,651	1,998,651
Certificates of Deposit	10.34%	248,949	248,949
TexPool	0.02%	427	427
	100.00%	$ 2,407,053	$ 2,407,053

(1) Unaudited.

As of such date, 100.00% of the City's investment portfolio will mature within 12 months. The market value of the investment portfolio was approximately 100.00% of its purchase price. No funds of the City are invested in derivative securities, i.e. securities whose rate of return is determined by reference to some other instrument, index or commodity.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Certificates, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (i) interest on the Certificates for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (ii) the Certificates will not be treated as "specified private activity bonds," the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Certificates (see APPENDIX C – "Form of Bond Counsel's Opinion").

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Certificate documents relating to certain matters, including arbitrage and the use of the proceeds of the Certificates and the property financed therewith. Failure by the City to observe the aforementioned representations or covenants could cause the interest on the Certificates to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Certificates in order for interest on the Certificates to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Certificates to be included in gross income retroactively to the date of issuance of the Certificates. The opinion of Bond Counsel is conditioned on compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Certificates.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Certificates.

A ruling was not sought from the Internal Revenue Service by the City with respect to the Certificates or the projects financed with the Certificates. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Certificates, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the City as the taxpayer and the holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Certificates under federal or state law and could affect the market price or marketability of the Certificates. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Certificates (the "Original Issue Discount Certificates") may be less than the principal amount thereof or one or more periods for the payment of interest on the Certificates may not be equal to the accrual period or be in excess of one year. In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Certificates less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Certificate in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

Under existing law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Certificate.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption,

sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Certificates. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE CERTIFICATES.

Interest on the Certificates will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Certificates, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Certificates, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Certificates under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The City has designated the Certificates as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the City has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Certificates as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public of the Certificates and all other tax-exempt debt issued by the City in the same calendar year exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Certificates would not be "qualified tax-exempt obligations."**

OTHER INFORMATION

RATINGS

The Certificates and the presently outstanding tax supported debt of the City are rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. The City also has one issue outstanding that was privately placed and is not rated. An explanation of the significance of any rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Certificates.

LITIGATION

This section describes litigation which has been determined as being material (that the financial results of a decision adverse to the City could have a negative result on the City's financial position). The City intends to defend vigorously against the lawsuits, including the pursuit of all appeals; however, no prediction can be made, as of the date hereof, with respect to the liability of the City for such claims or the outcome of such lawsuits.

Cause No. 2013-CI-18405; Continental Homes of Texas, L.P. v. The City of Helotes, Tom Schoolcraft, Rick Schroder and Ernest Cruz, in the 131st Judicial District Court, Bexar County, Texas

Continental Homes of Texas, L.P. has asserted a declaratory judgment action contesting the City's ability to enforce building permits and building regulations within its extraterritorial jurisdiction (the "ETJ"). A final judgment has been rendered against the City stating that the City cannot enforce its building codes within the City's ETJ and requiring the City to return some $224,000.00 in building permit fees collected by the City since 2013. This case is currently being readied for an appeal. A motion for new trial should be filed, which will include some additional case law references supporting the City's position.

Cause No. 2014-CI-07817; The Texas Association of Builders et al. v. The City of Helotes et al., in the 407th Judicial District Court, Bexar County, Texas

TAB/GSABA as associations have asserted a declaratory judgment action contesting the City's ability to enforce building permits and building regulations within its ETJ. A preliminary order has been entered to the effect that the City cannot enforce its building regulations within its ETJ. However, since TAB/GSABA only represents builders within an interest in the ETJ of the City, no monetary award has been made at the present time. The only monetary award that could possibly be made against the City is for TAB/GSABA's attorneys' fees and expenses in the trial.

Cause No. 2015-CI-00543; Ashton San Antonio Residential, L.L.C., et al. v. The City of Helotes, et al., in the 150th Judicial District Court, Bexar County, Texas

Ashton Oaks, Pulte Homes, David Weekley Homes and MHI Central Texas, have asserted a declaratory judgment action contesting the City's ability to enforce building permits and building regulations within its ETJ. This case has not yet reached a summary judgment or trial stage but is set for trial for late 2015.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) and Section 271.051, as amended, Texas Local Government Code provide that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political

subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The City has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish a complete transcript of proceedings relating to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel was engaged by, and only represents, the City in connection with the issuance of the Certificates. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "THE CERTIFICATES" (other than the information under the subcaption "Book-Entry-Only System"), "TAX MATTERS," "OTHER INFORMATION - Registration and Qualification of Certificates for Sale," "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas," "OTHER INFORMATION - Legal Opinions and No-Litigation Certificate," and "OTHER INFORMATION - Continuing Disclosure of Information" (other than the subcaption "Compliance with Prior Undertakings") in the Official Statement, and such firm is of the opinion that the information relating to the Certificates and the Ordinance contained under such captions is a fair and accurate summary of the information shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion of Bond Counsel will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the book-entry-only system.

The legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, ordinances and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, ordinances and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CONTINUING DISCLOSURE OF INFORMATION

The City in the Ordinance has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public at no charge via the MSRB's Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org as described below under "Availability of Information from MSRB".

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B that is customarily prepared by the City and publically available, which currently consists of an annual audited financial statement. The City will update and provide this information within six months after the end of each fiscal year ending in and after 2015. The City will provide the updated information to the MSRB in electronic format, which will be available to the public free of charge via EMMA system at www.emma.msrb.org. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by the Rule.

The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial information by the required time and will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS …The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) 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 Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) redemption calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions 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 Certificates in the primary offering of the Certificates. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

FINANCIAL ADVISOR

First Southwest Company, LLC is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. First Southwest Company, LLC, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of Raymond James & Associates, Inc. (the "Initial Purchaser") to purchase the Certificates at the interest rates shown on the inside cover page of the Official Statement at a price of par plus a cash premium of $147,105.65. The initial reoffering yields shown on the inside cover page were provided to the City by the Initial Purchaser and will produce compensation to the Initial Purchaser of approximately $34,750.42. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the Initial Purchaser will be furnished a certificate, executed by proper officials of the City, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in this Official Statement, on the date of sale of the Certificates and on the date of the delivery of the Certificates, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of material fact or omit to state any material fact regarding the City or its affairs, including financial affairs, required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the City, and their activities contained in this Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2014, the date of the last financial statements of the City appearing in the Official Statement.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, ordinances and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, ordinances and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance authorizing the Certificates approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its further use in the reoffering of the Certificates by the Initial Purchaser.

/s/ Thomas A. Schoolcraft
Mayor
City of Helotes, Texas

ATTEST:

/s/ Grace Tamez
City Secretary
City of Helotes, Texas

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION AND POPULATION

The City of Helotes, Texas (the "City") is located approximately 20 miles northwest of downtown San Antonio, Texas off State Highway 16, approximately 2 miles outside of Loop 1604. The City was incorporated in 1981 and covers approximately 6.71 square miles. The City's 2010 census population was 7,341 and the estimated 2015 population is 8,104.

ECONOMY

The City's economy is based on a combination of tourism, military bases, medical/biomedical research and services, government and education center. Much of the sources of agricultural income are from nursery crops, horses, hay, grain sorghum, corn and beef cattle. Minerals include sand, limestone and gravel.

Major employers of the area include the following:

Employer	Type of Business	Approximate Number of Employees
Lackland Air Force Base	Military	37,097
Fort Sam Houston	Military	32,000
HEB Food Stores	Retail	20,000
USAA	Insurance	16,000
Northside ISD	Education	12,751
Randolph Air Force Base	Military	11,068
North East ISD	Education	10,052
City of San Antonio	Government	9,145
Methodist Healthcare System	Healthcare	8,118
Baptist Healthcare System	Healthcare	7,205

Source: City of Helotes Annual Financial Report For Year Ended 2014.

TRANSPORTATION

The nearest scheduled flights are at the San Antonio International Airport.

LABOR FORCE STATISTICS FOR BEXAR COUNTY(1)

	2015(2)	2014(3)	2013(3)	2012(3)	2011(3)
Civilian Labor Force	874,610	872,682	857,779	841,113	829,404
Total Employed	844,890	832,117	808,377	787,800	769,601
Total Unemployed	29,720	40,565	49,402	53,313	59,803
Unemployment Rate	3.4%	4.6%	5.8%	6.3%	7.2%
% Unemployed (Texas)	4.0%	5.1%	6.2%	6.7%	7.8%
% Unemployed (U.S.)	5.1%	6.2%	7.4%	8.1%	8.9%

(1) Source: Texas Employment Commission.
(2) As of April 2015.
(3) Average annual statistics.

EMPLOYMENT AND WAGES BY INDUSTRY - BEXAR COUNTY[1][2]

	Third Quarter				
	2014	2013	2012	2011	2010
Natural Resources and Mining	6,101	4,820	3,535	2,920	3,282
Construction	36,068	33,874	33,023	34,262	35,522
Manufacturing	34,253	34,780	35,745	35,083	34,410
Trade, Transportation & Utilities	132,329	126,923	122,693	119,137	117,386
Information	20,255	19,927	19,122	18,105	17,269
Financial Activities	70,848	68,572	65,345	63,384	60,987
Professional and Business Services	108,241	102,196	99,887	95,685	92,970
Education and Health Services	124,529	119,357	113,794	112,134	108,036
Leisure and Hospitality	104,619	103,125	98,538	94,239	91,004
Other Services	22,628	22,643	23,989	23,324	22,829
Unclassified	88	225	191	236	183
State Government	17,135	17,460	17,753	17,455	17,618
Local Government	82,802	81,582	80,617	81,260	83,269
Total Employment	759,897	735,485	714,231	697,227	684,769
Total Wages	$ 8,209,429,026	$ 7,718,997,556	$ 7,376,588,972	$ 7,246,965,453	$ 6,739,199,598

(1) Source: Texas Employment Commission.
(2) Statistics do not include Federal employees or their wages.

APPENDIX B

EXCERPTS FROM THE

CITY OF HELOTES, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

The information contained in this Appendix consists of excerpts from the City of Helotes, Texas Annual Financial Report for the Year Ended September 30, 2014, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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SHAREHOLDERS:
Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA

Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Helotes, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Helotes, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Helotes' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Phone: 210-658-6229 • Fax: 210-659-7611 •Email: vaughan@avacpa.com • www.avacpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Helotes, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of funding progress as identified in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Helotes' financial statements as a whole. The comparative statements and statistical section are presented for purposes of additional analysis and are not a required to be part of the financial statements. The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

January 30, 2015

This section of the City of Helotes' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

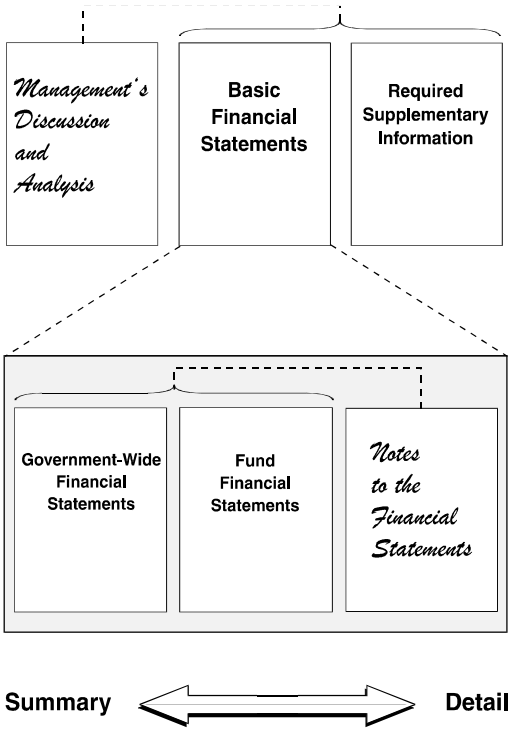
- The City's total combined net position was $5.2 million at September 30, 2014.
- During the year, the City's governmental activities expenses increased 6% from the prior year, but were $846,458 less than the $6,306,583 generated in taxes and other revenues from governmental activities.
- During the year, the City's two business-type activities (Dispatch and Emergency Medical Services) expenses increased 8% and exceeded their revenues by $729,547. The total Primary Government's expenses increased by $350,104 or 6% from the prior year but resulted in a positive change in net position of $116,911.
- The City's total governmental expenditures increased approximately 13.5% from the prior year. This included the General Fund, the Economic Development Fund, Debt Service Fund, and the non-major funds. The General Fund's operating expenditures increased by 10% from the prior year.
- The General Fund reported a fund balance this year of $3,856,521.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, *and required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term,* as well as what remains for future spending.
- *Proprietary fund statements* offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements

		Fund Statements	
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business: Dispatch and Emergency Medical Service
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses & Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liabilitiy information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, deferred inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how it has changed. Net position—the difference between the City's assets, deferred outflows of resources, deferred inflows of resources, and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City, one needs to consider additional non-financial factors, such as changes in the City's tax base.

The government-wide financial statements of the City include the *Governmental activities* (most of the City's basic services are included here, such as the police department, fire department and City administration) and *Business-type activities* (services designed to generate sufficient revenues to cover associated costs: dispatch and emergency medical services). Property taxes, sales taxes, franchise fees, municipal court fines, and permits finance most of the *Governmental activities* while charges for services finance most of the *Business-type activities*.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

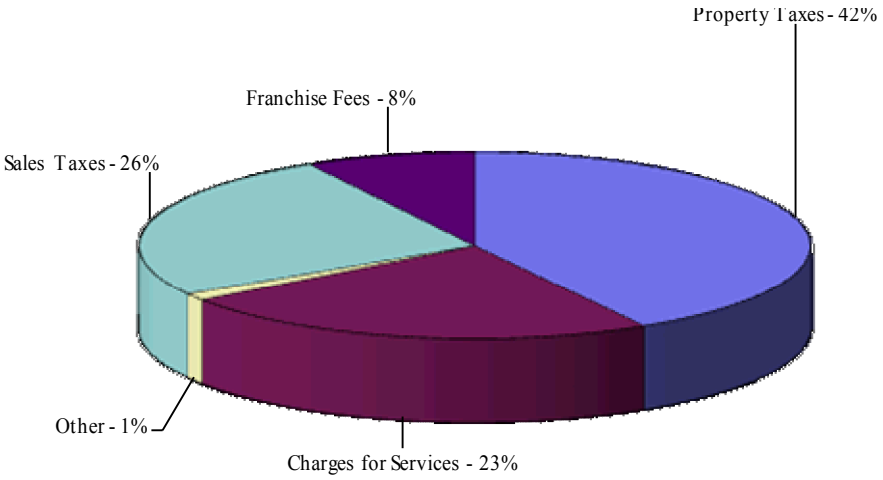
Net Position. The City's combined net position was $5,212,627 at September 30, 2014. (See Table A-1). The $2,038,947 of unrestricted net position represents resources available to fund the programs of the City next year.

Table A-1
City of Helotes Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2014-2013
Current assets:							
Cash and Cash Equivalents	$ 2,114	$ 1,777	$ 129	$ 222	$ 2,243	$ 1,999	12.2%
Other Current Assets	2,799	2,416	(2,249)	(1,671)	550	745	-26.2%
Capital Assets	10,861	11,134	329	391	11,190	11,525	-2.9%
Total Assets	15,774	15,327	(1,791)	(1,058)	13,983	14,269	-2.0%
Current Liabilities	605	545	50	53	655	598	9.5%
Non-Current Liabilities:							
Due within One Year	659	609	-	-	659	609	8.2%
Due in more than One Year	7,457	7,966	-	-	7,457	7,966	-6.4%
Total Liabilities	8,721	9,120	50	53	8,771	9,173	-4.4%
Net Position:							
Net Investment in Capital Assets	2,745	2,560	329	391	3,074	2,951	4.2%
Restricted	27	157	-	-	27	157	-82.8%
Unrestricted	4,281	3,490	(2,170)	(1,502)	2,111	1,988	6.2%
Total Net Position	$ 7,053	$ 6,207	$ (1,841)	$ (1,111)	$ 5,212	$ 5,096	2.3%

Changes in Net Position. The City's total revenues were $6,443,882. A significant portion, 68%, of the City's revenue comes from property and sales taxes, while 23% relates to charges for services (See Figure A-3).

Figure A-3 City of Helotes
Revenue Sources for Fiscal Year 2014



The total cost of all programs and services was $6,326,971. 44% of these costs are for Police and Fire Protection. The difference between total revenues and expenses results in a FYE 2014 increase of $116,911. The majority of said increase is attributable to increase in permit and sales tax revenues.

Table A-2
Changes in City of Helotes' Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2014-2013
Primary Government:							
City Council	$ 3	$ 3	$ -	$ -	$ 3	$ 3	0.0%
City Administration	1,006	831	-	-	1,006	831	21.1%
City Secretary	102	100	-	-	102	100	2.4%
Human Resources	10	14	-	-	10	14	-28.4%
Municipal Court	298	270	-	-	298	270	10.4%
Animal Control, Public Works	465	433	-	-	465	433	7.4%
Development Services	99	94	-	-	99	94	5.5%
Building and Grounds	351	324	-	-	351	324	8.4%
Police Department	1,558	1,559	-	-	1,558	1,559	-0.1%
Fire Department	1,241	1,107	-	-	1,241	1,107	12.1%
Interest and Fiscal Charges on LT Debt	327	417	-	-	327	417	-21.6%
Dispatch	-	-	420	370	420	370	13.4%
Emergency Medical Services	-	-	447	455	447	455	-1.7%
Total Governmental Activities	5,460	5,152	868	825	6,327	5,977	5.9%
Program Revenues:							
Charges for Services	1,373	874	138	142	1,511	1,016	48.8%
Operating Grants & Contributions	9	9	-	-	9	9	-3.5%
Capital Grants & Contributions	-	-	-	-	-	-	0.0%
General Revenues:							
General Property Tax	2,681	2,639	-	-	2,681	2,639	1.6%
Sales Taxes	1,645	1,424	-	-	1,645	1,424	15.5%
Franchise Taxes	527	477	-	-	527	477	10.5%
Investment Earnings	10	6	-	-	10	6	64.6%
Miscellaneous	61	168	-	-	61	168	-63.5%
Transfers	-	-	-	-	-	-	0.0%
Total Revenues and Transfers	6,306	5,597	138	142	6,445	5,739	12.3%
Change in Net Position	846	445	(730)	(683)	117	(238)	-149.3%
Net Position at Beginning of Year	6,207	5,762	(1,111)	(428)	5,096	5,334	-4.5%
Net Position of Year End	$ 7,053	$ 6,207	$ (1,841)	$ (1,111)	$ 5,212	$ 5,096	2.3%

Governmental Activities

- Property tax rates decreased by 0.005 per $100 of valuation, however, property tax revenues increased by $49,457 due to increase in assessed valuations.

Table A-3 presents the cost of each of the City's functions, as well as each function's net cost (total cost less fees generated by the activities). The net cost reflects what revenues funded.

- The cost of all *governmental* activities this year was $5,460,125.
- The amount of these activities that was paid for by taxpayers through property taxes was only $2,681,143 (49%).
- 25% of the cost, $1,373,092, was paid by those who directly benefited from the programs and activities through direct charges for services.

Table A-3
Net Cost of Selected City Functions
(In thousands dollars)

	Total Cost of Services			Net Cost of Services		
	2014	2013	% Change	2014	2013	% Change
Governmental						
City Council	$ 3	$ 3	0.0%	$ 3	$ 3	15.9%
City Administration	1,006	831	21.1%	1,006	831	21.1%
City Secretary	102	100	2.4%	102	100	2.4%
Human Resources	10	15	-33.1%	10	15	-33.1%
Municipal Court	298	270	10.4%	34	10	242.1%
Animal Control, PW	465	433	7.4%	460	429	7.2%
Development Services	99	94	5.5%	(864)	(391)	121.1%
Building and Grounds	351	324	8.4%	351	324	8.4%
Police Department	1,558	1,559	-0.1%	1,484	1,501	-1.2%
Fire Department	1,241	1,107	12.1%	1,166	1,032	13.0%
Business-Type						
Dispatch	420	370	13.4%	415	365	13.6%
Emergency Medical	447	455	-1.7%	315	319	-1.2%

Business-Type Activities

The City began two activities in the 2011 fiscal year for Dispatch and Emergency Medical Services. The City plans to generate enough charges for services from these activities to cover the cost a third party subcontractor would charge for the same services. The two activities have borrowed money from the General fund to cover the initial costs. During the fourth year of operations, expenses exceeded revenues for these programs by $729,547.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.

- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled $6,314,365, an increase of 13% over the prior year. The increase is primarily due to increases in sales tax and licenses and permits.

General Fund Budgetary Highlights

Actual revenues exceeded the budget by $219,075, and actual expenditures were over budget by $162,421. The budget was amended during the year to increase expenditures that were expected to be covered by an increase in estimated revenues. Nevertheless, General Fund revenues for the fiscal year ended September 30, 2014 exceeded expenditures by $591,436 resulting in an increase in the General Fund balance. In all, the General Fund balance increased by $844,067 for the fiscal year ended September 30, 2014, from $3.0 million to $3.9 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2014, the City had invested $22,396,968 in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure (see table A-4). This amount, less accumulated depreciation, results in a net capital asset value of $11,190,349.

Table A-4
City of Helotes's Capital Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2014-2013
Land	$ 1,764	$ 1,561	$ -	$ -	$ 1,764	$ 1,561	13.0%
Construction in Progress	154	-	-	-	154	-	100.0%
Buildings and Improvements	6,768	6,768	-	-	6,768	6,768	0.0%
Vehicles and Equipment	2,297	2,447	579	581	2,876	3,028	-5.0%
Infrastructure	10,835	10,835	-	-	10,835	10,835	0.0%
Totals at historical cost	21,818	21,611	579	581	22,397	22,192	0.9%
Total accumulated depreciation	(10,957)	(10,477)	(249)	(191)	(11,207)	(10,668)	5.0%
Net Capital Assets	$ 10,861	$ 11,134	$ 330	$ 390	$ 11,190	$ 11,524	-2.9%

Long Term Debt. At year-end the City had $7,905,000 in bonds outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2014-2013
Bonds Payable	$ 7,905	$ 8,450	$ -	$ -	$ 7,905	$ 8,450	-6.4%
Total Bonded Debt	$ 7,905	$ 8,450	$ -	$ -	$ 7,905	$ 8,450	-6.4%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City adopted an ad valorem tax rate of 0.350000 per $100 of valuation for the FYE 2015 general fund budget which is the same rate per $100 of valuation adopted in FYE 2014. As sales tax revenues and other fees, i.e., franchise, licenses, etc., continue to raise the City Council believes this to be a positive step in its attempt to balance sales and property tax collections.

General operating fund expenditures increased in the FYE 2015 budget from $4.393 million in FYE 2014 to $5,778 million. This increase is primarily a result of the City's inclusion of the former stand-alone/Proprietary entities, Dispatch and Emergency Medical Service, reclassified and included as departments of the FYE 2015 General Fund. The City remains committed to recruiting additional third-party agencies to make the Dispatch Department as cost-neutral to the City as possible. Further, the City is encouraged by the fact that stand-alone emergency medical services will continue to cost less than originally proposed by the City of San Antonio for the same service.

Lastly, total budgeted revenues for FYE 2015 are expected to exceed budgeted FYE 2014 revenues by approximately $665,000, from $5.113 million in 2014 to $5.778 million in 2015. This increase is primarily due to higher sales tax collections and increasing franchise fees related to a growing population and business community.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, at the City of Helotes, P.O. Box 507, Helotes, Texas, 78023.

CITY OF

Helotes

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements, as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
  - Governmental funds; and
  - Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	$ 1,866,932	$ 129,171	$ 1,996,103
Certificates of Deposit	246,985	-	246,985
Receivables (Net of Allowances for Uncollectibles)			
Property Taxes	36,654	-	36,654
Other Receivables	434,769	72,254	507,023
Internal Balances	2,327,253	(2,327,253)	-
Prepaid Items	440	5,315	5,755
Capital Assets:			
Land	1,763,771	-	1,763,771
Construction in Progress	153,786	-	153,786
Buildings	6,768,045	-	6,768,045
Vehicles & Equipment	2,297,205	578,983	2,876,188
Infrastructure	10,835,178	-	10,835,178
Accumulated Depreciation	(10,957,134)	(249,485)	(11,206,619)
TOTAL ASSETS	$ 15,773,884	$ (1,791,015)	$ 13,982,869

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Liabilities:			
Accounts Payable	$ 114,008	$ -	$ 114,008
Accrued Liabilities	101,609	14,600	116,209
Accrued Compensated Absences	220,759	35,108	255,867
Accrued Interest Payable	53,611	-	53,611
Unearned Revenue - Lease	114,910	-	114,910
Noncurrent Liabilities:			
Due within One Year	658,965	-	658,965
Due in More than One Year	7,456,672	-	7,456,672
TOTAL LIABILITIES	8,720,534	49,708	8,770,242
NET POSITION			
Net Investment in Capital Assets	2,745,214	329,498	3,074,712
Restricted for:			
Police, Municipal Court and School Crossing	40,388	-	40,388
PEG Capital Fees	29,833	-	29,833
Unrestricted (Deficit)	4,237,915	(2,170,221)	2,067,694
TOTAL NET POSITION	$ 7,053,350	$ (1,840,723)	$ 5,212,627

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions and Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
City Council	$ 3,477	$ -	$ -
City Administration	1,005,449	-	-
City Secretary	102,401	-	-
Human Resources	10,031	-	-
Municipal Court	298,008	263,801	-
Animal Control, Public Works	464,904	4,885	-
Development Services	99,167	963,548	-
Buildings and Grounds	350,322	-	-
Police Department	1,557,978	65,703	8,682
Fire Department	1,241,411	75,155	-
Interest and Fiscal Fees on Long-term Debt	326,977	-	-
Total Governmental Activities	5,460,125	1,373,092	8,682
Business-Type Activities:			
Dispatch	419,557	5,007	-
Emergency Medical Services	447,289	132,274	-
Total Business-Type Activities:	866,846	137,281	-
Total Primary Government	$ 6,326,971	$ 1,510,373	$ 8,682
General Revenues:			
Taxes:			
General Property Taxes			
Sales Taxes			
Franchise Taxes			
Interest and Investment Earnings			
Miscellaneous			
Total General Revenues			
Change in Net Position			
Net Position (Deficit) at Beginning of Year			
Net Position (Deficit) at End of Year			

See accompanying notes to basic financial statements.

Net Revenue (Expense)		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (3,477)	$ -	$ (3,477)
(1,005,449)	-	(1,005,449)
(102,401)	-	(102,401)
(10,031)	-	(10,031)
(34,207)	-	(34,207)
(460,019)	-	(460,019)
864,381	-	864,381
(350,322)	-	(350,322)
(1,483,593)	-	(1,483,593)
(1,166,256)	-	(1,166,256)
(326,977)	-	(326,977)
(4,078,351)	-	(4,078,351)
-	(414,550)	(414,550)
-	(315,015)	(315,015)
-	(729,565)	(729,565)
2,681,143	-	2,681,143
1,645,268	-	1,645,268
527,251	-	527,251
9,874	18	9,892
61,273	-	61,273
4,924,809	18	4,924,827
846,458	(729,547)	116,911
6,206,892	(1,111,176)	5,095,716
$ 7,053,350	$ (1,840,723)	$ 5,212,627

CITY OF HELOTES, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Major Funds		
	General Fund	Economic Development Corporation	Debt Service Fund
ASSETS			
Cash and Investments	$ 1,121,339	$ 586,250	$ 74,402
Certificates of Deposit	246,985	-	-
Receivables:			
Property Taxes (Net of Uncollectibles)	28,698	-	7,956
Sales Tax and Other Receivable	340,599	94,170	-
Due from Other Funds	2,460,778	14,040	-
Prepaid Items	-	440	-
TOTAL ASSETS	$ 4,198,399	$ 694,900	$ 82,358
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 111,228	$ 118	$ -
Accrued Liabilities	91,637	9,972	-
Due to Other Funds	-	-	71,569
Unearned Revenue - Lease	114,910	-	-
Total Liabilities	317,775	10,090	71,569
Deferred Inflows of Resources:			
Unavailable Revenue - Taxes	24,103	-	6,682
Total Deferred Inflows of Resources	24,103	-	6,682
Fund Balances:			
Nonspendable:			
Prepaid Items	-	440	-
Restricted for:			
Court Technology and Security	12,705	-	-
School Crossing	22,888	-	-
Police Department	4,795	-	-
PEG Capital Fees	29,833	-	-
Economic Development Corporation	-	684,370	-
Debt Service	-	-	4,107
Committed for:			
Capital Projects	-	-	-
Unassigned	3,786,300	-	-
Total Fund Balances	3,856,521	684,810	4,107
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,198,399	$ 694,900	$ 82,358

See accompanying notes to basic financial statements.

Nonmajor Capital Projects Fund	Total Governmental Funds
$ 84,941	$ 1,866,932
-	246,985
-	36,654
-	434,769
-	2,474,818
-	440
$ 84,941	$ 5,060,598
$ 2,662	$ 114,008
-	101,609
75,996	147,565
-	114,910
78,658	478,092
-	30,785
-	30,785
-	440
-	12,705
-	22,888
-	4,795
-	29,833
-	684,370
-	4,107
6,283	6,283
-	3,786,300
6,283	4,551,721
$ 84,941	$ 5,060,598

CITY OF

Helotes

CITY OF HELOTES, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	$ 4,551,721
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	10,860,851
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.	30,785
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the governmental funds.	(220,759)
Long-term liabilities, including bonds and capital leases are not due and payable in the current period and, therefore, not reported in the governmental funds.	(8,115,637)
Accrued interest payable on long-term bonds are not due and payable in the current period and, therefore, not reported in the governmental funds.	(53,611)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$ 7,053,350

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Funds		
	General Fund	Economic Development Corporation	Debt Service Fund
REVENUES			
Taxes	$ 3,212,362	$ 537,011	$ 584,820
Franchise Fees	527,251	-	-
Licenses and Permits	968,433	-	-
Municipal Court	329,504	-	-
Fire Department Interlocal Agreement	75,155	-	-
Interest	7,308	2,184	203
Miscellaneous	65,555	-	-
TOTAL REVENUES	5,185,568	539,195	585,023
EXPENDITURES			
Current:			
City Council	3,477	-	-
City Administration	792,608	161,874	-
City Secretary	104,296	-	-
Human Resources	10,031	-	-
Municipal Court	289,042	-	-
Animal Control, Public Works	232,348	-	-
Development Services	90,866	-	-
Building and Grounds	282,776	-	-
Police Department	1,424,571	-	-
Fire Department	1,090,695	-	-
Capital Outlay	223,422	-	-
Debt Service:			
Principal	50,000	-	608,787
Interest and Fiscal Charges	-	-	331,317
TOTAL EXPENDITURES	4,594,132	161,874	940,104
Excess (Deficiency) of Revenues Over (Under) Expenditures	591,436	377,321	(355,081)
OTHER FINANCING SOURCES (USES):			
Proceeds from Note Payable	200,000	-	-
Transfers In (Out)	52,631	(256,067)	239,199
TOTAL OTHER FINANCING SOURCES (USES)	252,631	(256,067)	239,199
Net Change in Fund Balance	844,067	121,254	(115,882)
FUND BALANCES - OCTOBER 1	3,012,454	563,556	119,989
FUND BALANCES - SEPTEMBER 30	$ 3,856,521	$ 684,810	$ 4,107

See accompanying notes to basic financial statements.

Nonmajor Capital Projects Fund	Total Governmental Funds
$ -	$ 4,334,193
-	527,251
-	968,433
-	329,504
-	75,155
179	9,874
4,400	69,955
4,579	6,314,365
-	3,477
-	954,482
-	104,296
-	10,031
-	289,042
-	232,348
-	90,866
-	282,776
-	1,424,571
-	1,090,695
155,015	378,437
-	658,787
-	331,317
155,015	5,851,125
(150,436)	463,240
-	200,000
(35,763)	-
(35,763)	200,000
(186,199)	663,240
192,482	3,888,481
$ 6,283	$ 4,551,721

CITY OF HELOTES, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$	663,240
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.		(272,101)
Proceeds from Capital Asset dispositions produce current financial resources in the fund statements, while the net gain (loss) is recognized in the Statement of Activities. This is the net book value of the capital assets disposed.		(1,218)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(7,782)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal Repayments on Bonds, Leases, & Note Payable		658,787
Proceeds from Note Payable		(200,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		1,192
Accrued Interest		4,340
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$	846,458

CITY OF HELOTES, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Dispatch Fund	Emergency Medical Services	Total Enterprise Funds
ASSETS			
Current Assets:			
Cash and Investments	$ 118,752	$ 10,419	$ 129,171
Receivables:			
Charges for Services (net)	-	72,254	72,254
Prepaid Items	2,926	2,389	5,315
Total Current Assets	121,678	85,062	206,740
Capital Assets (net)	231,047	98,451	329,498
TOTAL ASSETS	352,725	183,513	536,238
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	-	-
Accrued Liabilities	6,587	8,013	14,600
Accrued Compensated Absences	5,790	29,318	35,108
Due to Other Funds	1,193,912	1,133,341	2,327,253
TOTAL LIABILITIES	1,206,289	1,170,672	2,376,961
NET POSITION			
Net Investment in Capital Assets	231,047	98,451	329,498
Unrestricted, (Deficit)	(1,084,611)	(1,085,610)	(2,170,221)
TOTAL NET POSITION (DEFICIT)	$ (853,564)	$ (987,159)	$ (1,840,723)

CITY OF HELOTES, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Dispatch Fund	Emergency Medical Services	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	$ 5,007	$ 132,274	$ 137,281
TOTAL OPERATING REVENUES	5,007	132,274	137,281
OPERATING EXPENSES			
Personnel	342,314	360,161	702,475
Contractual Services	16,844	25,193	42,037
Supplies and Maintenance	18,016	43,010	61,026
Depreciation	42,383	18,925	61,308
TOTAL OPERATING EXPENSES	419,557	447,289	866,846
OPERATING INCOME (LOSS)	(414,550)	(315,015)	(729,565)
NONOPERATING REVENUE (EXPENSE)			
Interest Income	-	18	18
TOTAL NONOPERATING REVENUE (EXPENSE)	-	18	18
NET INCOME (LOSS)	(414,550)	(314,997)	(729,547)
NET POSITION (DEFICIT) - OCTOBER 1	(439,014)	(672,162)	(1,111,176)
NET POSITION (DEFICIT) - SEPTEMBER 30	$ (853,564)	$ (987,159)	$ (1,840,723)

CITY OF HELOTES, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Dispatch Fund	Emergency Medical Services	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 5,838	$ 114,737	$ 120,575
Cash Paid to Suppliers	(34,526)	(69,733)	(104,259)
Cash Paid to Employees	(345,478)	(359,136)	(704,614)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	(374,166)	(314,132)	(688,298)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund Borrowing from General Fund	380,004	215,017	595,021
Interest Expense	-	18	18
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	380,004	215,035	595,039
NET INCREASE (DECREASE) IN CASH	5,838	(99,097)	(93,259)
BEGINNING CASH AND CASH EQUIVALENTS	112,914	109,516	222,430
ENDING CASH AND CASH EQUIVALENTS	$ 118,752	$ 10,419	$ 129,171
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (414,550)	$ (315,015)	$ (729,565)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	42,383	18,925	61,308
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable (net)	831	(17,537)	(16,706)
Increase (Decrease) in Accounts Payable	(3)	(2,911)	(2,914)
Increase (Decrease) in Accrued Liabilities	337	1,381	1,718
Increase (Decrease) in Accrued Comp. Absences	(3,164)	1,025	(2,139)
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	$ (374,166)	$ (314,132)	$ (688,298)

See accompanying notes to basic financial statements.

CITY OF

Helotes

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

Component Units
As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Blended Component Unit
The Helotes Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statues Annotated, Article 5190.6, Section 4B. The Corporation is organized exclusively for public purposes of the City of Helotes, and the City Council appoints directors of the Corporation. It receives all proceeds from assessing a .005% sales tax. For financial reporting purposes, the Corporation is reported as if it were part of the City's operations because its purpose is to benefit the citizens of the City. Separate financial statements for the Corporation may be obtained by contacting the City's Finance Department.

Discretely Presented Component Units
As of September 30, 2014, the City had no component units that would require a discrete presentation in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City and its component unit. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. The primary government is reported within the government wide statements. Business-type activities are financed in whole or in part, by fees charged to external parties for goods and services. The City has no fiduciary funds.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service Fund, and Economic Development Corporation meet the criteria as ***major governmental funds***. All of these funds are reflected in single columns in the Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The Dispatch and Emergency Medical Services funds are ***major proprietary funds***.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Major revenue types, which have been accrued, include revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues.* Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as unavailable revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, development services and capital acquisition.

Economic Development Corporation is used to account for sales tax proceeds collected to promote economic development in the City.

Debt Service Fund is used to account for resources and expenditures relating to principal and interest payments on outstanding debt.

The City has one nonmajor governmental fund for fiscal year 2014: Capital Projects Fund.

Proprietary fund level financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary funds include the Dispatch and Emergency Medical Service.

The Proprietary Funds are accounted for using the accrual basis of accounting as follows:

a. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
b. Current year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND EQUIVALENTS

Cash and equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City, including local government investments pools.

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1 and past due after the following January 31. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements.

7. PREPAID ITEMS

Payments made for goods and services to be received in future periods are recorded on the balance sheet as a prepaid item.

8. CAPITAL ASSETS

Capital assets, which include land, buildings, vehicles and equipment, capital leases and infrastructure assets, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of $5,000 or more. Infrastructure assets include City-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20 to 40 years
Vehicles and Equipment	5 to 25 years
Infrastructure	20 years
Capital Leases	10 years

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned as defined in the personnel policy. Unused personal leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated personal leave and, accordingly, no liability is reported for unpaid accumulated personal leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the proprietary fund and government-wide statements.

10. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resource in the period the amounts become available.

11. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts are amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. FUND BALANCE

Fund balances in governmental funds are classified as follows:

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. FUND BALANCE (Continued)

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council may make assignments and has chosen not to delegate that authority to any other individuals.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City wishes restricted balances to be spent first, committed second, and assigned third.

14. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

15. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds in the other financing sources and uses and of proprietary funds after the nonoperating revenues and expenses.

16. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash

At September 30, 2014, the carrying amount of the primary government's (including the blended component unit's) cash on hand was $800, the carrying amount of deposits was $1,041,927 and the bank balance was $1,113,357. Of the bank balances, $250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a face value of $3,067,639 and market value of $3,500,000 as collateral for the City's deposits. All of the City's cash was fully collateralized. The City also had funds at another financial institution with both the bank and carrying balance of $492,363. The blended component unit also had funds at another financial institution with both the bank and carrying balance of $392,327, respectively. These funds were fully secured by federal deposit insurance coverage.

2. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City has adhered to the requirements of the Act.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The City's investments at September 30, 2014 are as follows:

	Reported Value	Fair Value
Investment Pools:		
TexPool	$ 1,535	$ 1,535
LOGIC	67,151	67,151
Certificates of Deposit	246,985	246,985
Total Investments	$ 315,671	$ 315,671

NOTE B -- CASH AND CASH INVESTMENTS (Continued)

2. Investments (Continued)

The Certificate of Deposit was fully collateralized.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

NOTE B -- CASH AND CASH INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued)

   d. Interest Rate Risk

      This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

   e. Foreign Currency Risk

      This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

4. Investment Accounting Policy

   The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. Public Funds Investment Pools

   Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE C -- PROPERTY TAX CALENDAR

Taxes were levied on and payable as of October 1. The City has contracted with the Bexar County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2014, the assessed tax rate for the City was $0.350000 per $100 on an assessed valuation of $633,131,920, less applicable freeze adjustments. This is split as $0.271503 for general maintenance and operations and $0.078497 for interest and sinking. Total tax levy for fiscal year 2014 was $2,674,557. As of September 30, 2014, the delinquent taxes were $39,413 with an allowance for estimated uncollectible accounts recorded as $2,759.

NOTE D -- RECEIVABLES

The following is a summary of the gross property taxes and charges for services receivable and the related allowances for uncollectible amounts:

	Amount Receivable	Allowance for Uncollectible Accounts	Net Receivable
Taxes:			
General Fund	$ 30,858	$ 2,160	$ 28,698
Debt Service Fund	8,555	599	7,956
Charges for Services:			
EMS Fund	146,263	74,009	72,254

Other receivables as of September 30, 2014 for the City's individual major funds are as follows:

	General	EDC
Sales Taxes	$ 197,640	$ 94,170
Franchise Fees	101,125	-
Interlocal Agreement	18,750	-
Tower Lease Receivable	15,201	-
Other	7,883	-
Total Other Receivables	$ 340,599	$ 94,170

NOTE E -- INTERFUND BALANCES

Interfund balances represent reimbursements for expenditures paid or cash received on behalf of other funds and are expected to be liquidated in the next fiscal year. Interfund balances between City funds at September 30, 2014 consist of the following:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Dispatch Fund	$ 1,193,912	Initial Capital and reimbursement for costs
General Fund	Emergency Medical Services	1,133,341	Initial Capital and reimbursement for costs
General Fund	Debt Service Fund	71,569	Reimbursent of lease payments
General Fund	EDC	61,956	Reimbursement of costs
EDC	Capital Projects	75,996	Reimbursement of Initial Funding
Total Interfund Balances		$ 2,536,774	

NOTE F -- TRANSFERS

Transfers during the year ended September 30, 2014, were as follows.

Transfer Out	Transfer In	Amount	Purpose
Economic Development Corp.	Debt Service	$ 291,830	*pledged revenue*
Capital Projects	Economic Development Corp.	35,763	*supplement funding*
Debt Service	General Fund	52,631	*supplement funding*
Total Governmental Funds Transfers		$ 380,224	

NOTE G -- UNEARNED REVENUE - LEASE REVENUE

The City is leasing land to Cingular Wireless for a period of 30 years for a cell phone tower. This agreement runs from September 1, 2005 through August 31, 2035. The first five years of the lease were prepaid and the remaining term is in annual installments.

The City is also leasing a parking lot to Northside Independent School District (NISD) for a term of 50 years. The entire lease was paid in advance and is being recognized over the term of the lease. The City may cancel the lease with written notice, but would be required to refund the pro-rata portion of unearned lease revenue. The balance of unrecognized parking lease revenue is shown as unearned revenue on the Balance Sheet and the Statement of Net Position.

	Minimum Future Lease Revenue		
Fiscal Year Ending September 30,	Tower Lease	Parking Lease	Total
2015	$ 16,127	$ 2,533	$ 18,660
2016	16,611	2,533	19,144
2017	17,109	2,533	19,642
2018	17,622	2,533	20,155
2019	18,151	2,533	20,684
2020-2024	99,257	12,665	111,922
2025-2029	114,067	12,665	126,732
2030-2034	133,393	12,665	146,058
2035-2039	-	12,665	12,665
2040-2044	-	12,665	12,665
2045-2049	-	12,665	12,665
2050-2054	-	12,665	12,665
2055-2059	-	12,665	12,665
2060	-	925	925
	$ 432,337	$ 114,910	$ 547,247

NOTE H -- PLEDGED REVENUE

The Helotes Economic Development Corporation has pledged to reimburse the City for the debt service requirements of $4,000,000 of the 2007 Series Certificates of Obligation through an interlocal agreement. Subject to the Corporation's availability of funds, the remaining pledged revenues are as follows:

Fiscal Year Ending September 30,	Pledged Revenue
2015	$ 294,953
2016	292,780
2017	295,313
2018	292,551
2019	294,495
2020 - 2024	1,487,872
2025 - 2027	895,795
	$ 3,853,759

NOTE I -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

Governmental Activities	Balance 10/1/2013	Additions	Disposals/ Transfers	Balance 9/30/2014
Land	$ 1,561,140	$ 202,631	$ -	$ 1,763,771
Construction in Progress	-	153,786	-	153,786
Buildings	6,768,045	-	-	6,768,045
Vehicles & Equipment	2,446,987	-	(149,782)	2,297,205
Infrastructure	10,835,178	-	-	10,835,178
	21,611,350	356,417	(149,782)	21,817,985
Less Accumulated Depreciation				
Buildings	(1,186,276)	(221,632)	-	(1,407,908)
Vehicles & Equipment	(1,521,596)	(190,516)	148,564	(1,563,548)
Infrastructure	(7,769,308)	(216,370)	-	(7,985,678)
	(10,477,180)	(628,518)	148,564	(10,957,134)
Governmental Capital Assets, Net	$ 11,134,170	$ (272,101)	$ (1,218)	$ 10,860,851

Land and Construction in Progress are not depreciated.

Business-Type Activities	Balance 10/1/2013	Additions	Disposals/ Transfers	Balance 9/30/2014
Dispatch				
Vehicles and Equipment	$ 410,144	$ -	$ (2,415)	$ 407,729
Accumulated Depreciation	(136,714)	(41,014)	1,046	(176,682)
Dispatch Capital Assets, Net	273,430	(41,014)	(1,369)	231,047
EMS				
Vehicles & Equipment	171,254	-	-	171,254
Accumulated Depreciation	(53,878)	(18,925)	-	(72,803)
EMS Capital Assets, Net	117,376	(18,925)	-	98,451
Business-Type Capital Assets, Net	$ 390,806	$ (59,939)	$ (1,369)	$ 329,498

Depreciation expense was charged to the governmental functions as follows:

City Administration	$ 55,087
Municipal Court	5,761
Animal Control, Public Works	218,342
Building and Grounds	58,894
Police Department	150,911
Fire Department	139,523
Total Depreciation Expense - Governmental Activities	$ 628,518

NOTE J -- LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2014 comprise the following individual issues:

Certificates of Obligation:	
$1,500,000 2002 Combination Tax and Limited-Pledge Revenue Certificates of Obligation due in annual installmemts through 2017; interest at 3.75-4.35%.	$ 395,000
$10,000,000 2007 Combination Tax and Limited-Pledge Revenue Certificates of Obligation due in annual installmemts through 2027; interest at 3.93%. The EDC has pledged to cover a portion of this debt (see note G)	7,510,000
Total Governmental Long-Term Obligations	$ 7,905,000

The City entered into a loan agreement with Lynn Steinhiser and Cynthia Warner in October 2013 to borrow the sum of $200,000 for the purchase of real property. The loan is due and payable with four annual payments of $50,000 at zero percent interest. The final maturity of the loan is October 10, 2016.

Changes in Long-Term Liabilities

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Due Within One Year
Governmental Activities					
Series 2002	$ 515,000	$ -	$ (120,000)	$ 395,000	$ 125,000
Series 2007	7,935,000	-	(425,000)	7,510,000	445,000
Total Bonded Debt	8,450,000	-	(545,000)	7,905,000	570,000
Capital Lease	124,424	-	(63,787)	60,637	38,965
Note Payable	-	200,000	(50,000)	150,000	50,000
Compensated Absences	221,951	-	(1,192)	220,759	220,759
Total Governmental Activities	$ 8,796,375	$ 200,000	$ (659,979)	$ 8,336,396	$ 879,724
Business-type Activities					
Compensated Absences	$ 37,247	$ -	$ (2,139)	$ 35,108	$ 35,108
Total Business-Type Activities	$ 37,247	$ -	$ (2,139)	$ 35,108	$ 35,108

NOTE J -- LONG-TERM DEBT (Continued)

The general long-term debt bonds mature serially through 2027 as follows:

Year Ending September 30,	Principal	Interest	Total
2015	$ 620,000	$ 300,639	$ 920,639
2016	645,000	277,370	922,370
2017	675,000	252,895	927,895
2018	500,000	230,495	730,495
2019	525,000	210,353	735,353
2020 - 2024	2,980,000	716,833	3,696,833
2025 - 2027	2,110,000	126,742	2,236,742
	$ 8,055,000	$ 2,115,327	$ 10,170,327
Average Annual Debt Service Requirement			$ 782,332.85

The City leased 5 police vehicles in April 2011. The lease calls for annual payments of $28,805 through April 2014. The City leased two additional police vehicles in October 2011 and a code enforcement vehicle in February 2012. In April 2013, the City entered into another lease agreement for three more vehicles. All of the leases have effective interest rates between 6.1% and 6.6% and have bargain purchase options of $1 upon maturity. Future minimum lease payments are as follows:

Year Ending September 30,	Lease Payments
2015	$ 42,765
2016	22,999
	65,764
Less: Interest Amount	(5,127)
	$ 60,637

The following is an analysis of the property under capital lease as of September 30, 2014:

Transportation & Equipment	$ 261,166
Less: Accumulated Depreciation	(188,705)
Net Leased Property	$ 72,461

NOTE K -- DEFICIT PROPRIETARY NET POSITION

The City started two new business-type activities in the fiscal year ending September 30, 2011: dispatch and EMS. Both activities had significant costs to begin and have borrowed money from the General Fund in their infancy. The Dispatch and EMS funds ended the year with a deficit in net position of $853,564 and $987,159, respectively. The City anticipates charges for services to cover the cost a third party subcontractor would charge for the same services and intends to consolidate activities back into the General Fund for the year ending September 30, 2015.

NOTE L -- PENSION PLAN

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within options available in state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2013	Plan Year 2014
Employee Deposit Rate	6.00%	6.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100%, Transfers	0%
Annuity Increase (to retirees)	70% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary, using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and the prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

NOTE L -- PENSION PLAN (Continued)

The annual pension cost and net pension obligation/(asset) are as follows:

Fiscal Year	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation
2012	$ 106,197	100%	-
2013	$ 112,769	100%	-
2014	$ 139,948	100%	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	16.3 years - Closed Period	15.8 years - Closed Period	18.2 years - Closed Period
Amortization Period for new Gains/Losses	25 Years	25 Years	25 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

Funded Status and Funding Progress – In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 *TMRS Comprehensive Annual Financial Report (CAFR).*

NOTE L -- PENSION PLAN (Continued)

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funding Ratio (1)/(2)	Unfunded Actuarial Accrued Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2013	$ 3,511,599	$ 3,960,372	88.7%	$ 448,773	$2,756,700	16.3%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE M -- OTHER POST EMPLOYMENT BENEFIT

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate, as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2014, 2013 and 2012 were $3,359, $2,953, and $3,201, respectively, and were equal to the required contributions each year.

NOTE N -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2014 were $105,694 for property and casualty and workers compensation coverage.

NOTE O -- COMMITMENTS AND CONTINGENCIES

Litigation

The Texas Association of Builders and the Greater San Antonio Builders Association and Continental Homes of Texas, L.P. have filed lawsuits against the City in the Bexar County District Court regarding building permit requirements, as defined by the City's building code regulations. The outcome of these suits cannot be determined as of the date of this report.

Management is unaware of any other pending or threatened claims that may have a material effect on the City's financial position.

Construction

The Economic Development Corporation has entered into engineering contracts for the following project. Estimated future commitments associated with these contracts as of September 30, 2014 are as follows:

Commitment	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
State Highway 16 Water and Sewer Infrastructure Project	$ 276,766	$ 136,349	$ 140,417
	$ 276,766	$ 136,349	$ 140,417

380 Development Agreements

The City of Helotes and the Economic Development Corporation have entered into 380 Economic Development Agreements to encourage growth within the City. The Agreements involve the City and Economic Development Corporation reimbursing the project costs through refunding a portion of the sales and use taxes generated by the projects up to a maximum amount. The City is accruing an estimated sales tax rebate as of September 30, 2014 based on the sales tax collections to date in anticipation of the developer's request for payment. The terms of the agreement are as follows:

	Sales Tax Refund Agreement		Maximum Grant	
Development	City	EDC	Amount	Term
Bandera Helotes Plaza	50%	50%	$ 300,000	10 years
Old Town Helotes Special District	50%	50%	$ 2,000,000	15 years

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Economic Development Corporation
- Schedule of Funding Progress – Defined Benefit Retirement Plan

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	Budget Amounts		**2014 Actual Amounts**	Variance Favorable (Unfavorable)	2013 Actual Amounts
	Original	Final			
REVENUES					
Taxes	$ 3,273,165	$ 3,273,165	**$ 3,212,362**	$ (60,803)	$ 2,987,294
Franchise Fees	497,275	497,275	**527,251**	29,976	477,344
Licenses and Permits	597,146	597,146	**968,433**	371,287	489,073
Municipal Court	380,790	453,142	**329,504**	(123,638)	309,419
Fire Department	75,090	75,090	**75,155**	65	75,081
Interest	3,765	3,765	**7,308**	3,543	3,767
Miscellaneous	66,910	66,910	**65,555**	(1,355)	172,989
Total Revenues	4,894,141	4,966,493	**5,185,568**	219,075	4,514,967
EXPENDITURES					
City Council:					
Seminars	100	670	**670**	-	-
Reimbursements	2,500	2,930	**2,807**	123	2,891
Total City Council	2,600	3,600	**3,477**	123	2,891
City Administration:					
Personnel	271,685	277,247	**289,380**	(12,133)	256,459
Insurance	71,350	63,218	**63,218**	-	60,919
Contractual	270,010	331,691	**330,894**	797	266,104
Supplies and Maintenance	77,300	87,422	**109,116**	(21,694)	90,296
Total City Administration	690,345	759,578	**792,608**	(33,030)	673,778
City Secretary:					
Personnel	82,975	82,918	**83,704**	(786)	78,092
Contractual	27,638	17,747	**17,747**	-	18,216
Supplies and Maintenance	1,000	2,845	**2,845**	-	957
Total City Secretary	111,613	103,510	**104,296**	(786)	97,265
Human Resources:					
Personnel	16,672	9,955	**10,031**	(76)	14,445
Total Human Resources	$ 16,672	$ 9,955	**$ 10,031**	$ (76)	$ 14,445

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	Budget Amounts		**2014 Actual**	Variance Favorable	2013 Actual
	Original	Final	**Amounts**	(Unfavorable)	Amounts
EXPENDITURES (CONT.)					
Municipal Court:					
Personnel	$ 205,270	$ 217,466	**$ 221,038**	$ (3,572)	$ 190,760
Contractual	44,101	52,594	**68,004**	(15,410)	73,135
Total Municipal Court	249,371	270,060	**289,042**	(18,982)	263,895
Animal Control, Public Works:					
Personnel	115,555	107,539	**108,804**	(1,265)	112,058
Contractual	106,400	113,347	**113,322**	25	82,716
Supplies and Maintenance	9,755	10,222	**10,222**	-	11,414
Capital Outlay	18,000	13,270	**13,270**	-	12,394
Total Animal Control, Public Works	249,710	244,378	**245,618**	(1,240)	218,582
Development Services:					
Personnel	58,200	58,027	**60,079**	(2,052)	53,160
Contractual	5,800	12,991	**30,787**	(17,796)	39,397
Capital Outlay	-	200,000	**202,631**	(2,631)	-
Total Development Services	64,000	271,018	**293,497**	(22,479)	92,557
Buildings and Grounds:					
Contractual	69,525	82,840	**83,240**	(400)	89,154
Supplies and Maintenance	1,000	290	**290**	-	5,565
Community Events	86,140	105,678	**102,610**	3,068	64,463
Utilities	103,920	96,636	**96,636**	-	92,672
Capital Outlay	-	-	**7,433**	(7,433)	-
Total Buildings and Grounds	260,585	285,444	**290,209**	(4,765)	251,854
Police Department:					
Personnel	1,229,615	1,242,219	**1,260,994**	(18,775)	1,172,053
Contractual	41,370	42,849	**42,153**	696	47,207
Supplies and Maintenance	108,175	109,293	**121,424**	(12,131)	230,490
Capital Outlay	57,270	(1,215)	**88**	(1,303)	59,049
Total Police Department	$ 1,436,430	$ 1,393,146	**$ 1,424,659**	$ (31,513)	$ 1,508,799

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	Budget Amounts		**2014 Actual**	Variance Favorable	2013 Actual
	Original	Final	**Amounts**	(Unfavorable)	Amounts
EXPENDITURES (CONT.)					
Fire Department:					
Personnel	$ 955,635	$ 942,600	**$ 948,576**	$ (5,976)	$ 850,371
Contractual	18,450	34,315	**32,903**	1,412	14,884
Supplies and Maintenance	117,625	114,107	**109,216**	4,891	86,129
Capital Outlay	-	-	**-**	-	27,785
Total Fire Department	1,091,710	1,091,022	**1,090,695**	327	979,169
Debt Service:					
Principal	-	-	**50,000**	(50,000)	64,902
Interest and Fiscal Charges	-	-	**-**	-	6,667
Total Debt Service	-	-	**50,000**	(50,000)	71,569
TOTAL EXPENDITURES	4,173,036	4,431,711	**4,594,132**	(162,421)	4,174,804
Excess (Deficiency) of Revenues Over (Under) Expenditures	721,105	534,782	**591,436**	56,654	340,163
Other Financing Sources (Uses)					
Note Payable Proceeds	-	200,000	**200,000**	-	84,340
Transfers In (Out)	-	-	**52,631**	52,631	-
Total Other Financing Sources (Uses)	-	200,000	**252,631**	52,631	84,340
Net Change in Fund Balance	721,105	734,782	**844,067**	109,285	424,503
BEGINNING FUND BALANCE	3,012,454	3,012,454	**3,012,454**	-	2,587,951
ENDING FUND BALANCE	$ 3,733,559	$ 3,747,236	**$ 3,856,521**	$ 109,285	$ 3,012,454

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	Budgeted Amounts		**2014**	Variance	2013
	Original	Final	**Actual Amounts**	Favorable (Unfavorable)	Actual Amounts
REVENUES					
Taxes	$ 580,000	$ 580,000	**$ 537,011**	$ (42,989)	$ 465,886
Interest	2,200	2,200	**2,184**	(16)	1,442
TOTAL REVENUES	582,200	582,200	**539,195**	(43,005)	467,328
EXPENDITURES					
Personnel Costs	55,954	55,954	**62,366**	(6,412)	57,466
Professional Services	57,796	97,796	**81,943**	15,853	27,464
City Administration Cost	8,000	8,000	**8,000**	-	8,000
Training and Seminars	7,750	7,750	**7,619**	131	4,637
Office Supplies and Expenses	2,250	2,250	**1,946**	304	2,539
Insurance	-	-	**-**	-	-
Other Expenses	18,950	18,950	**-**	18,950	165
TOTAL EXPENDITURES	150,700	190,700	**161,874**	28,826	100,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	431,500	391,500	**377,321**	(14,179)	367,057
OTHER FINANCING SOURSES (USES)					
Transfer In (Out) to Primary Government	(455,679)	(455,679)	**(256,067)**	199,612	(328,413)
TOTAL OTHER FINANCING SOURCES (USES)	(455,679)	(455,679)	**(256,067)**	199,612	(328,413)
Net Change in Fund Balance	(24,179)	(64,179)	**121,254**	185,433	38,644
BEGINNING FUND BALANCE	563,556	563,556	**563,556**	-	524,912
ENDING FUND BALANCE	$ 539,377	$ 499,377	**$ 684,810**	$ 185,433	$ 563,556

CITY OF HELOTES, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2014

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and, as such, is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Debt Service and Economic Development Corporation.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level, unless authorized by City Council. Actual expenditures exceeded the appropriated budget for 2014 in the General Fund; however, City Council authorized said expenditures through routine, monthly revenue and expenditure reports placed by City Staff onto City Council agendas, whereby current expenditures exceeding 100% of fiscal year 2014 budgeted expenditures were authorized and ratified.

Municipal Court –
The Municipal Court Contractual deficit resulted from expenditures made within Restricted Fund Court Technology that were not included as planned expenditures within the FYE 2014 Budget but were made pursuant to City Council Resolution No. 266.

Development Services –
The Development Services Contractual deficit resulted from expenditures made within Restricted Fund PEG that were not included as planned expenditures within the FYE 2014 Budget but were made pursuant to City Council Resolution No. 266.

Police Department –
The Police Department Supplies and Maintenance deficit resulted from expenditures made within Restricted Fund School Safety that were not included as planned expenditures within the FYE 2014 Budget but were made pursuant to City Council Resolution No. 266.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLAN
LAST TEN CALENDAR YEARS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2004	$ 656,331	$ 687,100	95.5%	$ 30,769	$ 841,148	3.7%
2005	$ 828,256	$ 866,884	95.5%	$ 38,628	$ 956,580	4.0%
2006	$ 963,132	$ 1,241,161	77.6%	$ 278,029	$ 1,156,908	24.0%
2007	$ 1,208,350	$ 1,561,454	77.4%	$ 353,104	$ 1,458,676	24.2%
2008	$ 1,492,438	$ 1,763,870	84.6%	$ 271,432	$ 1,689,882	16.1%
2009	$ 1,816,789	$ 2,101,045	86.5%	$ 284,256	$ 1,878,667	15.1%
2010	$ 2,284,728	$ 2,524,433	90.5%	$ 239,705	$ 2,036,354	11.8%
2011	$ 2,684,888	$ 2,930,912	91.6%	$ 413,997	$ 2,378,436	17.4%
2012	$ 3,057,356	$ 3,482,610	87.8%	$ 425,254	$ 2,618,974	16.2%
2013	$ 3,511,599	$ 3,960,372	88.7%	$ 448,773	$ 2,756,700	16.3%

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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DRAFT DATE: JULY 27, 2015

LAW OFFICES
M^c^CALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD
NINTH FLOOR
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
FACSIMILE: 214 754-9250

700 N. ST. MARY'S STREET
1525 ONE RIVERWALK PLACE
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

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

August __, 2015

CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015
DATED AS OF AUGUST 1, 2015
IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,315,000

AS BOND COUNSEL FOR THE CITY OF HELOTES, TEXAS (the "***City***") in connection with the issuance of the certificates of obligation described above (the "***Certificates***"), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the "***Ordinance***"), (ii) one of the executed Certificates (Certificate No. T-1), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "***Surplus Revenues***" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's Solid Waste Management System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

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

Respectfully,

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Financial Advisory Services
Provided By

FirstSouthwest

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT, dated as of August 1, 2015 (this "***Agreement***"), by and between **CITY OF HELOTES, TEXAS** (the "***Issuer***") and ***BOKF, NA***, Austin, Texas (the "***Bank***"), a national bank duly organized and operating under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its **$4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015** (the "***Securities***"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about August 20, 2015; and

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE
APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

SECTION 1.01. APPOINTMENT. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Ordinance, a copy of which books and records shall be maintained at the office of the Bank located in the State of Texas or shall be available to be accessed from such office located in the State of Texas.

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

SECTION 1.02. COMPENSATION. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

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

ARTICLE TWO
DEFINITIONS

SECTION 2.01. DEFINITIONS. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"***Acceleration Date***" on any Security means, if applicable, the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"***Bank Office***" means the corporate trust or commercial banking office of the Bank as indicated on the signature page hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"***Fiscal Year***" means the fiscal year of the Issuer, ending September 30.

"***Holder***" and "***Security Holder***" each means the Person in whose name a Security is registered in the Security Register.

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

"***Ordinance***" means the resolutions, orders or ordinances of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

"***Person***" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"***Predecessor Securities***" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a

replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

"***Redemption Date***" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"***Responsible Officer***" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

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

"***Stated Maturity***" means the date specified in the Ordinance the principal of a Security is scheduled to be due and payable.

SECTION 2.02. OTHER DEFINITIONS. The terms "Bank," "Issuer," and "Securities" ("Security") have the meanings assigned to them in the recital paragraphs of this Agreement.

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

ARTICLE THREE
PAYING AGENT

SECTION 3.01. DUTIES OF PAYING AGENT. (a) Principal Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

(b) Interest Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer by no later than 10:00 a.m. Central Time on the applicable payment date, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

(c) Federal Tax Information Reporting. To the extent required by the Code and the Regulations it shall be the duty of the Bank to report to the owners of the Securities and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities, and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

SECTION 3.02. PAYMENT DATES. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinance.

ARTICLE FOUR
REGISTRAR

SECTION 4.01. SECURITY REGISTER - TRANSFERS AND EXCHANGES. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "***Security Register***") for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities, and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. If the Bank Office is located outside the State of Texas, a copy of the Security Register shall be kept in the State of Texas. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

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

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

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

SECTION 4.02. SECURITIES. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than

the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

SECTION 4.03. FORM OF SECURITY REGISTER. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

SECTION 4.04. LIST OF SECURITY HOLDERS. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

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

SECTION 4.05. RETURN OF CANCELLED SECURITIES. The Bank will, at such reasonable intervals as it determines, surrender Securities to the Issuer in lieu of which or in exchange for which other Securities have been issued, or which have been paid, or will provide a certificate of destruction relating thereto.

SECTION 4.06. MUTILATED, DESTROYED, LOST, OR STOLEN SECURITIES. The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an over issuance.

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

and with the preparation, execution, and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost, or stolen.

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

ARTICLE FIVE
THE BANK

SECTION 5.01. DUTIES OF BANK. The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's financial advisor, bond counsel or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the financial advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

SECTION 5.02. RELIANCE ON DOCUMENTS, ETC. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate,

statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

SECTION 5.03. RECITALS OF ISSUER. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

SECTION 5.04. MAY HOLD SECURITIES. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

SECTION 5.05. MONEY HELD BY BANK. The Bank shall deposit any moneys received from the Issuer into an account to be held in a capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

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

Any money deposited with the Bank for the payment on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Property Code or inactive under Chapter 73 of the Property Code.

SECTION 5.06. INDEMNIFICATION. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

SECTION 5.07. INTERPLEADER. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the County in the State of Texas where either the Bank maintains an office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction located in the State of Texas to determine the rights of any Person claiming any interest herein.

SECTION 5.08. DEPOSITORY TRUST COMPANY SERVICES. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective from time to time, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX
MISCELLANEOUS PROVISIONS

SECTION 6.01. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

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

SECTION 6.03. NOTICES. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

SECTION 6.04. EFFECT OF HEADINGS. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 6.05. SUCCESSORS AND ASSIGNS. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 6.06. SEVERABILITY. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 6.07. BENEFITS OF AGREEMENT. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

SECTION 6.08. ENTIRE AGREEMENT. This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

SECTION 6.09. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

SECTION 6.10. TERMINATION. This Agreement will terminate on the date of final payment of the principal of and interest on the Securities to the Holders thereof or may be earlier terminated by either party upon 60 days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank has the right to petition a court of competent jurisdiction to appoint a successor under this Agreement. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay, or otherwise adversely affect the payment of the Securities.

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

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

SECTION 6.11. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank]

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

BOKF, NA

By: _____
JOSE A CAYTAN JR.
Title: VICE PRESIDENT

Address: 100 Congress Avenue, Suite 250
Austin, Texas 78701

Attest:

_____
Title: Trust Officer

CITY OF HELOTES, TEXAS

By _____
Mayor

Address: 12951 Bandera Road
Helotes, Texas 78023

Attest:

_____
City Secretary

[SIGNATURE PAGE TO PAYING AGENT/REGISTRAR AGREEMENT]

SCHEDULE A

BOK FINANCIAL

Services provided by BOKF, NA

$4,315,000
City of Helotes, Texas
Combination Tax and Limited Pledge Revenue
Certificates of Obligation, Series 2015

PAYING AGENT/REGISTRAR

Schedule of Fees

Acceptance Fee: **$ 0**

Annual Administration Fee: **$350.00**
(Billed Semi-Annually @ $175.00 w/Debt Service)

For ordinary administration services by Paying Agent /Registrar – includes daily routine account management and processing in accordance with the agreement. Float credit received by the bank for receiving funds that remain uninvested are deemed part of the Paying Agent's compensation.

Call or Redemption of Bonds At Cost
Cost includes distribution to holders of record, redemption processing and notification through EMMA. Any and all publication expenses including Bond Buyer, Regional and Financial Periodicals for the call notice will be billed to the Issuer at cost.

Charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in the amounts commensurate with the service provided. Counsel fees, if ever retained as a result of a default, or other extraordinary occurrences on behalf of the bondholders or Bank of Texas, will be billed at cost.

Services not included in this Fee Schedule, but deemed necessary or desirable by you, may be subject to additional charges. Our proposal is subject in all aspects to review and acceptance of the final financing documents which sets forth our duties and responsibilities.

Jose A. Gaytan Jr.
Vice President
Tel: 512.813.2002
Fax: 512.813.2020
JGaytan@bokf.com

BOK Financial
Corporate Trust Services
100 Congress Avenue
Suite 250
Austin, TX 78701

PROJECT FUNDING AGREEMENT BETWEEN CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION AND THE CITY OF HELOTES, TEXAS RELATING TO THE ANTICIPATED TRANSFER OF CERTAIN PROCEEDS OF THE SALES AND USE TAX RECEIVED BY THE CORPORATION TO THE CITY TO PROVIDE FOR THE PAYMENT OR REIMBURSEMENT OF CERTAIN COSTS RELATING TO THE CONSTRUCTION OF CERTAIN PUBLIC PROJECTS IN THE CITY; AND OTHER MATTERS IN CONNECTION THEREWITH

This project funding agreement (the "***Project Funding Agreement***") is made to be effective as of the 23rd day of July, 2015 by and between the City of Helotes, Texas, a duly incorporated and existing Type A general law municipality and political subdivision of the State of Texas (the "***City***") and the City of Helotes Economic Development Corporation, a non-profit industrial development corporation (the "***Corporation***") organized and existing under the laws of the State of Texas, including Section 4B of Texas Revised Civil Statutes Annotated Article 5190.6, as amended (now codified in Chapters 501, 502 and 505 of the Texas Local Government Code) (the "***Act***").

R E C I T A L S

WHEREAS, on October 24, 2002, the City Council (the "***City Council***") of the City called an election concerning the levy of an additional sales and use tax for the benefit of the Corporation pursuant to the Act to determine if the qualified voters of the City would approve the levy of this additional sales and use tax in the amount of one-half of one percent (½ of 1%) (the "***4B Sales Tax***") within the City for the benefit of the Corporation; and

WHEREAS, this election was held on February 1, 2003 (the "***Election***"), and the qualified citizens of the City approved by the levy of the 4B Sales Tax; and

WHEREAS, the City Council thereafter adopted an ordinance and a resolution approving (i) the creation of the Corporation, (ii) its articles of incorporation, and (iii) its bylaws, and levied the 4B Sales Tax in accordance with the provisions of the Act; and

WHEREAS, the City Council and the Board hereby confirm that the notice and public hearing requirements of the Act have been complied with; and

WHEREAS, the levy of the 4B Sales Tax has been approved by the Comptroller of Public Accounts for the State of Texas (the "***Comptroller***") and has been and will be collected by the Corporation in the form, time, and manner as provided in the Act and pursuant to the provisions of Chapter 321, as amended, Texas Tax Code; and

WHEREAS, the Secretary of State for the State of Texas approved the initial charter for the articles of incorporation of the Corporation; and

WHEREAS, the organizational meeting of the Corporation was previously conducted, and at such meeting the Board of Directors (the "***Board***") of the Corporation approved the Corporation's

articles of incorporation and bylaws, elected officers of the Corporation, and addressed various other organizational aspects of the Corporation; and

WHEREAS, the City and the Corporation hereby find and determine that the following two projects qualify as permitted projects pursuant to 505.158 of the Act and shall promote new or expanded business development within the City: (1) completing the Helotes Creek Linear Park transportation enhancement projects, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) the construction and equipping of a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) the construction and equipping of a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) the construction and equipping of new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections between East (OTHSD) and West sides of S.H. 16; and (e) the construction and equipping of a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District (the "***Helotes Creek Linear Park Economic Development Projects***"); and (2) the Corporation's participation in the funding of a City project involving the construction of a water and sewer line extension project between, generally, Circle A Trail and Scenic Loop Road along State Highway 16 as such S.H. 16 Economic Development Project would spur economic development activity in said area (the "***S.H. 16 Economic Development Project***", and together with the Helotes Creek Linear Park Economic Development Projects, the "***Projects***"); and

WHEREAS, the City and Corporation expressly acknowledge and recognize that any 4B Sales Tax proceeds may only be utilized to pay the "Costs" or "Projects", each as defined in the Act, including, but not limited to, the Projects and subject to the limitations contained in the Act and the Election; and

WHEREAS, the City will own the Projects and will have full responsibility for the design and construction of the Projects and the Corporation shall have no duties or responsibilities with respect to the Projects other than as provided in this Project Funding Agreement; and

WHEREAS, under the current policies and procedures established by the Comptroller the 1% sales and use tax belonging to the City and the 4B Sales Tax belonging to the Corporation are collected, commingled, and remitted directly to the City in undivided interest and without allocations or notations of ownership as between the City and the Corporation; and

WHEREAS, it is appropriate and necessary that the City and the Corporation adopt formal procedures by which the City's 1% sales and use tax and the Corporation's 4B Sales Tax are collected, deposited, held, identified, allocated, and transferred to or for the benefit of the Corporation; and

WHEREAS, the City can obtain financing for the construction of the Projects on more favorable terms than could the Corporation; and

WHEREAS, the City will authorize the issuance of obligations designated as "*City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015*", in the principal amount not to exceed ***$4,400,000*** (the "***Certificates***") to pay for a portion of the Projects and other capital infrastructure improvements in the City;

WHEREAS, this Project Funding Agreement shall constitute an interlocal cooperative agreement as authorized pursuant to the provisions of Chapter 791, as amended, Texas Government Code;

WHEREAS, the adoption of this Project Funding Agreement is hereby found and determined to be in the best interest of the citizens of the City and the Corporation;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. <u>Duties of the City</u>. The City hereby agrees to perform the following duties:

1.1 The City will own and construct the Projects and is responsible for all aspects of the construction, acquisition, design, upkeep, maintenance and operation of the Projects (subject to the provisions of the Act and the Election) and in connection therewith, the City shall comply with all applicable law relating to the construction of public works, including, without limitation, the provisions of Chapter 2253, as amended, Texas Government Code (pertaining to public works performance and payment bonds).

1.2 The City will issue the Certificates to provide the initial capital required to construct the Projects and certain other capital infrastructure projects in the City. The City shall be solely responsible for making the annual payments of principal of and interest on this indebtedness pursuant to terms and conditions for the issuance of the Certificates.

1.3 Any 4B Sales Tax proceeds transferred by the Corporation to the City shall not be pledged to pay any indebtedness of the City in accordance with the provisions of Section 321.506, as amended, Texas Tax Code. Upon receipt of any 4B Sales Tax proceeds from the Corporation, the City may utilize any such funds for any lawful purpose in accordance with the provisions of this Project Funding Agreement and applicable law.

SECTION 2. <u>Duties of Corporation</u>. The Corporation hereby agrees to perform the following duties:

2.1 In consideration of the City's agreement to undertake the actions set forth in Section 1 hereof, the Corporation shall transfer on an annual basis lawfully available 4B Sales Tax proceeds to the City to pay a portion of the debt service requirements on the Certificates that are scheduled to be sold on July 23, 2015 and delivered on August 20, 2015, upon a determination by the Board of the Corporation that any and all financial obligations of the Corporation for the then current fiscal

year of the Corporation have been provided for or otherwise satisfied. These obligations include, but are not limited to, the payment of all of the Corporation's administrative expenses, the payment of all debt service requirements on any indebtedness issued by the Corporation, and the funding of all debt service reserve or other funds created in any resolution authorizing the issuance of any indebtedness by the Corporation. Accordingly, any transfer of 4B Sales Tax proceeds to the City by the Corporation shall be at the sole discretion of the Board of the Corporation and shall only constitute the transfer of surplus 4B Sales Tax Proceeds. These findings must be confirmed by the Board of the Corporation prior to the transfer of any 4B Sales Tax proceeds to the City. The Corporation shall be obligated to pay the City for the debt service requirements on the Certificates as set forth in Exhibit A hereto.

SECTION 3. Limitation on Use of 4B Sales Tax Proceeds. The City and the Corporation expressly recognize and covenant that any 4B Sales Tax proceeds transferred to the City by the Corporation may only be expended to construct approved projects, including the Projects, or to reimburse the City for the construction costs relating to any such Projects, all as provided in the Act and applicable law.

SECTION 4. Amendments and Modifications. This Project Funding Agreement shall be binding upon the City and the Corporation and their respective successors and legal representatives and shall inure solely to the benefit of the City and Corporation and their respective successors and legal representatives. Furthermore, no alteration, amendment, or modification of any provision of this Project Funding Agreement shall be effective unless (1) prior written consent of such alteration, amendment, or modification shall have been obtained from the parties hereto, and (2) such alteration, amendment, or modification is in writing and signed by the parties hereto. The City and the Corporation may amend this Project Funding Agreement to address the construction or financing of other projects (other than the Projects) upon compliance with the provisions of the Act and with applicable law.

SECTION 5. Collection and Transfer of Undivided 4B Sales Tax Receipts. The City hereby requires and orders that all remittances of commingled sales and use tax collections belonging to the City and the Corporation in undivided interests (the "***Undivided Sales Tax Receipts***") shall be deposited as received, or transmitted by the Comptroller directly, to the depository account of the City held and maintained by the City at its official depository bank (the "***Depository Bank***") designated from time to time by the City Council, or as otherwise directed by the City, and the City shall request the Comptroller to transmit such funds by the earliest available and feasible means under the policies of the Comptroller in effect from time to time. The City expressly reserves the right (i) to direct the Comptroller to deposit these funds with an institution other than the Depository Bank and (ii) to invest the funds in accordance with the laws of the State of Texas.

Immediately upon receipt of the Undivided Sales Tax Receipts from the Comptroller, the City Administrator, or his designee, shall determine the share of the Undivided Sales Tax Receipts belonging to the Corporation, in accordance with the Act. Such person shall, as soon as possible thereafter, deposit a check drawn on the City's account (or otherwise transfer from such account) to

the account of the Corporation at its depository financial institution representing the Corporation's share of the Undivided Sales Tax Receipts. The City shall maintain internal records to document all such transfers of the Corporation's share of the Undivided Sales Tax Receipts.

The Depository Bank shall not have any responsibility to verify or determine the accuracy of the amounts certified to it from time to time according to this Section.

SECTION 6. Receipt and Transfer of Proceeds of 4B Sales Tax. The Corporation agrees, in cooperation with the City, to take such actions as are required to cause the 4B Sales Tax proceeds received from the Comptroller for and on behalf of the Corporation to be transferred and deposited immediately upon receipt by the Corporation to the credit of the banking or monetary fund maintained at the depository designated by the Corporation.

SECTION 7. Acceptance of Depository Responsibilities. The City Administrator is authorized and directed to develop procedures pursuant to which the requirements of this Project Funding Agreement are met, including the incorporation of this Project Funding Agreement by the City into and as part of the bidding procedures by which the City designates and selects it's Depository Bank or Banks from time to time.

Each Depository Bank, by its acceptance of its designation as depository of the City, agrees to abide by the terms and provisions of this Project Funding Agreement.

All reasonable costs, if any, of the Depository Bank associated with the administration of the terms and provisions of this Project Funding Agreement shall be paid for by the Corporation as an administrative expense under this Project Funding Agreement and shall be paid by the Corporation upon receipt of statements therefore from the Depository Bank. Such costs, if any, shall never constitute a cost, liability, or obligation of the City.

SECTION 8. Default. In the event that either the Corporation or the City should violate any of the terms of this Project Funding Agreement, the other party shall promptly notify the other respective party of the violation. In the event this violation is not cured within thirty (30) days after the sending of such notice, the party sending the notice may at its discretion notify the other party of its intention to declare this Project Funding Agreement forfeited and null and void. Upon such notice, the delinquent party shall have thirty (30) days to cure this violation prior to final action by the other party declaring this Project Funding Agreement forfeited and null and void.

SECTION 9. Miscellaneous; Assignment. All the situations, promises, undertakings and agreements herein contained by or on behalf of either the Corporation or the City shall bind the successors and assigns of either party, whether so expressed or not but neither the Corporation nor the City shall have the right to assign this Project Funding Agreement, or any part thereof except as hereinafter provided without the written consent of the other party. Either party may waive any default on the part of the opposite affecting any other provision of this Project Funding Agreement; and a waiver of any one default shall not be deemed a waiver of any other or subsequent default or

defaults. No delay by either party in enforcing any of its rights under this Project Funding Agreement shall be deemed a waiver of such rights.

SECTION 10. Approval and Consent. Unless otherwise provided herein, any approval or consent required by the provisions of this Project Funding Agreement by the City or the Corporation shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent. Upon receipt of such written resolution duly certified by the appropriate party, the City or the Corporation can conclusively act on the matter requiring such approval.

SECTION 11. Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "***Notice***") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the City, to:

City of Helotes, Texas
12951 Bandera Road
Helotes, Texas 78023
Attention: City Administrator

B. If to the Corporation, to:

City of Helotes Economic Development Corporation
12951 Bandera Road
Helotes, Texas 78023
Attention: Executive Director

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least ten (10) days' written notice to the other parties hereto.

SECTION 12. Covenants. The City and the Corporation covenant that they will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Project Funding Agreement. The City and the Corporation covenant that they are duly authorized under the laws of the State of Texas to execute and deliver this Project Funding

Agreement, that all actions on their part as provided herein and the execution and delivery of this Project Funding Agreement have been duly and effectively taken according to the import thereof as provided in this Project Funding Agreement.

SECTION 13. Venue. Any damages for the breach of this Project Funding Agreement shall be paid and be due in Bexar County, Texas, which is the County in which the principal administrative offices of the City and the Corporation are located. It is specifically agreed among the parties to this Project Funding Agreement that Bexar County, Texas, is the place of performance of this Project Funding Agreement; and in the event that any legal proceeding is brought to enforce this Project Funding Agreement or any provision hereof, the same shall be brought in Bexar County, Texas.

SECTION 14. Legal Fees. In the event it is necessary for either party to commence legal action of any kind to enforce its rights hereunder, the prevailing party in such litigation shall be entitled to collect all court costs and reasonable attorney's fees and expenses incurred in connection therewith.

SECTION 15. Force Majeure. In the event that either party shall be entirely prevented from completing performance of its obligations hereunder by an act of God or any other occurrence whatsoever which is beyond the control of such party, then such party shall be excused from any further performance of its obligations and undertakings hereunder. In the event that the performance of either party of any obligations or undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of either party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then he shall be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof.

SECTION 16. Holiday. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Project Funding Agreement, is not a business day, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date provided therefore herein.

SECTION 17. Counterparts. This Project Funding Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

SECTION 18. Entire Agreement. This Project Funding Agreement contains the entire agreement between the parties pertaining to the subject matter hereof and fully supersedes all prior agreements and understandings between the parties pertaining to such subject matter.

SECTION 19. Captions. The section headings appearing in this Project Funding Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

SECTION 20. Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Project Funding Agreement for all purposes and are adopted as a part of the judgment and findings of the City Council and the Board of the Corporation.

SECTION 21. Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Project Funding Agreement are hereby repealed to the extent of such conflict, and the provisions of this Project Funding Agreement shall be and remain controlling as to the matters provided herein.

SECTION 22. Governing Law. This Project Funding Agreement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 23. Severability. If any provision of this Project Funding Agreement or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Project Funding Agreement and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Corporation and the City hereby declare that this Project Funding Agreement would have been enacted without such invalid provision.

SECTION 24. Construction. 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. This Project Funding Agreement and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Project Funding Agreement.

SECTION 25. Compliance with Texas Open Meetings Act. It is officially found, determined, and declared that the meeting of each of the City and the Corporation at which this Project Funding Agreement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Project Funding Agreement, was given, all as required by Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, the parties hereto have executed this Project Funding Agreement to be effective as of the date and year first above written.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION

Executive Director

ATTEST:

Secretary, Board of Directors

(Corporation Seal)

CITY OF HELOTES, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

[SIGNATURE PAGE TO PROJECT FUNDING AGREEMENT]

EXHIBIT A

Corporation's Portion of the Debt Service Requirements on the Certificates

I) $450,000 FOR THE S.H. 16 ECONOMIC DEVELOPMENT PROJECT, PAYABLE AS FOLLOWS:

$150,000 - FYE 2016
$150,000 - FYE 2017
$150,000 - FYE 2018

II) THE AMOUNTS LISTED ON THE SCHEDULE FOLLOWING THIS PAGE FOR THE HELOTES CREEK LINEAR PARK ECONOMIC DEVELOPMENT PROJECTS.

City of Helotes, TX
Combination Tax and Limited Pledge Revenue
Certificates of Obligation, Series 2015

Economic Development Corporation Portion
of Debt Service Requirements on the Certificates
for the Helotes Creek Linear Park Economic Development Projects

Period Ending	Principal	Interest	Total Payment Due
9/30/2016	$ 10,167.59	$ 15,843.09	$ 26,010.68
9/30/2017	10,167.59	15,538.06	25,705.65
9/30/2018	29,373.05	14,944.95	44,318.00
9/30/2019	10,167.59	14,351.84	24,519.43
9/30/2020	10,167.59	14,046.81	24,214.41
9/30/2021	10,732.46	13,733.31	24,465.77
9/30/2022	10,732.46	13,411.34	24,143.80
9/30/2023	10,732.46	13,089.36	23,821.82
9/30/2024	11,297.33	12,730.67	24,028.00
9/30/2025	11,297.33	12,335.27	23,632.59
9/30/2026	11,862.19	11,929.98	23,792.17
9/30/2027	11,862.19	11,514.80	23,376.99
9/30/2028	66,089.36	10,274.57	76,363.93
9/30/2029	62,700.16	8,262.23	70,962.39
9/30/2030	61,570.43	6,282.02	67,852.45
9/30/2031	27,678.45	4,831.73	32,510.18
9/30/2032	28,808.18	3,859.80	32,667.99
9/30/2033	29,937.92	2,795.03	32,732.94
9/30/2034	30,502.78	1,699.54	32,202.32
9/30/2035	31,632.51	573.34	32,205.85
Total	$ 487,479.63	$ 202,047.74	$ 689,527.38

Note: Final Numbers

RESOLUTION NO. 51

RESOLUTION BY THE BOARD OF DIRECTORS OF THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION AUTHORIZING A PROJECT FUNDING AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF HELOTES, TEXAS; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Helotes, Texas (the "***City***") was authorized pursuant to the provisions of Section 4B of Texas Revised Civil Statutes Annotated Article 5190.6, as amended (now codified in Chapters 501, 502 and 505 of the Texas Local Government Code) (the "***Act***") to create a nonprofit industrial development corporation (the "***Corporation***"); and

WHEREAS, on October 24, 2002, the City Council (the "***City Council***") of the City called an election concerning the levy of an additional sales and use tax for the benefit of the Corporation pursuant to the provisions of the Act to determine if the qualified voters of the City would approve the levy of this additional sales and use tax in the amount of one-half of one percent (½ of 1%) (the "***4B Sales Tax***") within the City for the benefit of the Corporation; and

WHEREAS, this election was held on February 1, 2003 (the "***Election***") and the qualified citizens of the City approved the levy of the 4B Sales Tax; and

WHEREAS, the City Council previously adopted an ordinance and a resolution approving (i) the creation of the Corporation, (ii) its articles of incorporation, and (iii) its bylaws, and levied the 4B Sales Tax in accordance with the provisions of the Act; and

WHEREAS, the levy of the 4B Sales Tax has been approved by the Comptroller of Public Accounts for the State of Texas (the "***Comptroller***") and has been and will be collected by the Corporation in the form, time, and manner as provided in the Act and pursuant to the provisions of Chapter 321, as amended, Texas Tax Code; and

WHEREAS, the City Council pursuant to an ordinance previously adopted by the City Council authorized the levy of the 4B Sales Tax; and

WHEREAS, the Board of Directors (the "***Board***") of the Corporation, as a corporation created by an eligible city with a population of 20,000 or less, has previously published appropriate notices, including the 60 day notice required by 505.160 of the Act, and conducted public hearings, including the public hearing required by Section 505.159 of the Act, all in accordance with the provisions of the Act, with respect to the following two projects: (1) completing the Helotes Creek Linear Park transportation enhancement projects, including (a) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (b) the construction and equipping of a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District; (c) the construction and equipping of a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District; (d) the construction and equipping of new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections

between East (OTHSD) and West sides of S.H. 16; and (e) the construction and equipping of a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District (the "***Helotes Creek Linear Park Economic Development Projects***") and (2) participation in the funding of a City project involving the construction of a water and sewer line extension project between, generally, Circle A Trail and Scenic Loop Road along State Highway 16 to spur economic development activity in said area (the "***S.H. 16 Economic Development Project***", and together with the Helotes Creek Linear Park Economic Development Projects, the "***Projects***"); and

WHEREAS, the Board finds that the Projects shall promote new or expanded business development within the City; and

WHEREAS, pursuant to the requirement set forth in 505.158(b) of the Act, the City Council, as the governing body of the City, duly approved on September 25, 2014 a resolution authorizing the Projects after giving the resolution two separate readings; and

WHEREAS, neither the City or the Corporation has received a petition from more than ten percent of the registered voters of the City requesting that an election be held before the Projects are undertaken by the Corporation; and

WHEREAS, the City was advised by its financial advisors, First Southwest Company, that the Projects could be financed at a lower interest cost by the City through the issuance of certificates of obligation (the "***Certificates***"); and

WHEREAS, the City will receive the proceeds of the Certificates on or about August 20, 2015; and

WHEREAS, reducing the costs relating to the Projects will benefit the Corporation and the City; and

WHEREAS, the Project Funding Agreement attached hereto as Exhibit A is approved by the Board to provide for the transfer of funds, being a portion of the 4B Sales Tax, by the Corporation to the City to pay a portion of the debt service requirements on the Certificates and to maintain and operate the Projects, and to pay certain other costs of the Projects; and

WHEREAS, the Board hereby finds and determines the adoption of this Resolution and the execution of the Project Funding Agreement are in the best interests of the Corporation; ***NOW, THEREFORE,***

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1. The Project Funding Agreement attached hereto as Exhibit A is hereby approved and is incorporated by reference to this Resolution for all purposes.

SECTION 2. The Executive Director of the Corporation and the Secretary of the Board of Directors of the Corporation are hereby authorized to execute and seal the Project Funding Agreement.

SECTION 3. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 4. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5. This Resolution shall be construed and enforced in accordance with the laws of the States of Texas and the United States of America.

SECTION 6. If any provision of this Resolution or the application thereof to any person or circumstances shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 8. This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

[The remainder of this page intentionally left blank.]

PASSED AND APPROVED, THIS THE 15TH DAY OF JULY, 2015.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION

Rick A. Schroder
Executive Director

ATTEST:

Keith Muhlestein
Secretary, Board of Directors

(Corporation Seal)

[SIGNATURE PAGE TO EDC RESOLUTION]

EXHIBIT A

Project Funding Agreement

SPECIMEN

R-1

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS

PRINCIPAL AMOUNT $90,000

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION SERIES 2015

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2016	423482AX6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Ninety Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

R-2

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

SPECIMEN

PRINCIPAL AMOUNT
$90,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2017	423482AY4

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Ninety Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-3

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$260,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2018	423482AZ1

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Two Hundred Sixty Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-4

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$90,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2019	423482BA5

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Ninety Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-5

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$90,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2020	423482BB3

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Ninety Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

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SPECIMEN

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$285,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.000%	August 1, 2015	February 1, 2023	423482BE7

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Two Hundred Eighty Five Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

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SPECIMEN

R-7

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$410,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.500%	August 1, 2015	February 1, 2027	423482BJ6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Four Hundred Ten Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-8

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$585,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.125%	August 1, 2015	February 1, 2028	423482BK3

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Five Hundred Eighty Five Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-9

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$555,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.125%	August 1, 2015	February 1, 2029	423482BL1

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Five Hundred Fifty Five Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

SPECIMEN

R-10

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$545,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.250%	August 1, 2015	February 1, 2030	423482BM9

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Five Hundred Forty Five Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

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UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$245,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.250%	August 1, 2015	February 1, 2031	423482BN7

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Two Hundred Forty Five Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

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UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$520,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.625%	August 1, 2015	February 1, 2033	423482BQ0

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Five Hundred Twenty Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

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UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2015

PRINCIPAL AMOUNT
$550,000

INTEREST RATE	DATED DATE	MATURITY DATE	CUSIP NO.
3.625%	August 1, 2015	February 1, 2035	423482BS6

REGISTERED OWNER: **CEDE & CO.**

PRINCIPAL AMOUNT: **Five Hundred Fifty Thousand Dollars**

ON THE MATURITY DATE specified above, the ***CITY OF HELOTES, TEXAS*** (the "***City***"), being a political subdivision and Type-A municipality of the State of Texas in the County of Bexar, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "***Registered Owner***"), the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Dated Date, at the Interest Rate per annum specified above, payable on February 1, 2016, and semiannually on each August 1 and February 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except that if this Certificate of Obligation is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate of Obligation or Certificates of Obligation, if any, for which this Certificate of Obligation is being exchanged is due but has not been paid, then this Certificate of Obligation shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the Registered Owner hereof upon presentation and surrender of this Certificate of Obligation at maturity or upon the date fixed for redemption prior to maturity, at the designated corporate trust or commercial banking office of BOKF, NA, Austin, Texas, which is the "***Paying Agent/Registrar***" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the Ordinance authorizing the issuance of this Certificate of Obligation (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date,

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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 appearing on the Registration 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. Any accrued interest due upon the redemption of this Certificate of Obligation prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Certificate of Obligation for redemption and payment at the designated corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Certificates of Obligation shall be payable in the regular manner described above). The City covenants with the Registered Owner of this Certificate of Obligation that on or before each principal payment date, interest payment date and accrued interest payment date for this Certificate of Obligation it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION is one of a series of Certificates of Obligation dated as of August 1, 2015, authorized in accordance with the Constitution and laws of the State of Texas in the aggregate principal amount of ***$4,315,000 FOR PAYING, ALL OR A PORTION, OF THE CITY'S CONTRACTUAL OBLIGATIONS INCURRED TO (1) COMPLETE THE F.M. 1560 REALIGNMENT PROJECT NEAR, GENERALLY, THE INTERSECTIONS OF F.M. 1560, RIGGS RD., CIRCLE A TRAIL, AND S.H. 16, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, BIKE LANES, DRAINAGE AREAS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS, AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (2) COMPLETE THE S.H. 16 / CEDAR TRAIL CULVERT ENLARGEMENT DRAINAGE PROJECT, INCLUDING THE CONSTRUCTION, IMPROVEMENT, AND REPAIR OF STREETS, SIDEWALKS, DRAINAGE IMPROVEMENTS, UTILITY LINE REPLACEMENTS, TRAFFIC AND STREET SIGNALIZATIONS AND LIGHTING IMPROVEMENTS WITHIN THE CITY; (3) COMPLETE THE S.H. 16 WATER AND SANITARY SEWER PROJECT BETWEEN, GENERALLY, CIRCLE A TRAIL AND SCENIC LOOP RD., INCLUDING THE CONSTRUCTION, IMPROVEMENT AND EXTENSION OF WATERWORKS AND SEWER SYSTEM INFRASTRUCTURE WITHIN THE CITY; (4) COMPLETE THE HELOTES CREEK LINEAR PARK TRANSPORTATION ENHANCEMENT PROJECT, INCLUDING (A) THE ACQUISITION AND INSTALLATION OF EQUIPMENT ALONG NEW AND EXISTING PEDESTRIAN TRAILS THROUGHOUT THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING BICYCLE RACKS,***

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TRASH RECEPTACLES, WAYFINDING, AND BENCHES, (B) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN CROSSWALK AT THE INTERSECTION OF S.H. 16 AND SCENIC LOOP RD. IN AND NEAR THE OLD TOWN HELOTES SPECIAL DISTRICT; (C) CONSTRUCT AND EQUIP A SCENIC OVERLOOK AND A HELOTES CREEK LINEAR PARK ACCESS POINT WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT; (D) CONSTRUCT AND EQUIP NEW BICYCLE AND PEDESTRIAN TRAILS THROUGHOUT THE HELOTES CREEK LINEAR PARK AND WITHIN THE OLD TOWN HELOTES SPECIAL DISTRICT, INCLUDING PROPOSED INTERCONNECTIONS BETWEEN EAST (OTHSD) AND WEST SIDES OF S.H. 16; AND (E) CONSTRUCT AND EQUIP A BICYCLE AND PEDESTRIAN BRIDGE ACROSS HELOTES CREEK IN THE OLD TOWN HELOTES SPECIAL DISTRICT; (5) COMPLETE THE F.M. 1560 HELOTES CREEK TRIBUTARY A BRIDGE CROSSING PROJECT BETWEEN, GENERALLY, SALTILLO FLAT AND ALTA LOMA ROADS, INCLUDING A MATCHING CONTRIBUTION FROM THE CITY TO THE TEXAS DEPARTMENT OF TRANSPORTATION FOR THE CONSTRUCTION OF A BRIDGE AND RELATED FLOOD CONTROL IMPROVEMENTS WITHIN THE CITY OR ITS EXTRATERRITORIAL JURISDICTION; AND (6) TO PAY FISCAL, LEGAL, DESIGN, AND ENGINEERING FEES IN CONNECTION WITH SUCH PROJECTS AND TO PAY COSTS OF ISSUANCE.

ON FEBRUARY 1, 2023, or any date thereafter, the unpaid installments of principal of this Certificate of Obligation may be prepaid or redeemed prior to their scheduled due dates, at the option of the City, with funds derived from any available source, as a whole, or in part, and, if in part, the City shall select and designate the maturity, or maturities, and the amount that is to be redeemed, and if less than a whole maturity is to be called, the City shall direct the Paying Agent/Registrar to call by lot (provided that a portion of this Certificate of Obligation may be redeemed only in an integral multiple of $5,000), at the redemption price of the principal amount, plus accrued interest to the date fixed for prepayment or redemption.

ADDITIONALLY, THE CERTIFICATES OF OBLIGATION MATURING on February 1, in the years 2023, 2027, 2033 and 2035 (the "***Term Certificates***") are also subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM CERTIFICATES MATURING FEBRUARY 1, 2023

Mandatory Redemption Date	Redemption Amount
February 1, 2021	$95,000
February 1, 2022	95,000
February 1, 2023*	95,000

TERM CERTIFICATES MATURING FEBRUARY 1, 2027

Mandatory Redemption Date	Redemption Amount
February 1, 2024	$100,000
February 1, 2025	100,000
February 1, 2026	105,000

TERM CERTIFICATES MATURING FEBRUARY 1, 2033

Mandatory Redemption Date	Redemption Amount
February 1, 2032	$255,000
February 1, 2033	265,000

TERM CERTIFICATES MATURING FEBRUARY 1, 2035

Mandatory Redemption Date	Redemption Amount
February 1, 2034	$270,000
February 1, 2035	280,000

* Maturity

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The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Certificates which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 days prior to the date fixed for any such prepayment or redemption a written notice of such prepayment or redemption shall be mailed by the Paying Agent/Registrar to the registered owner hereof. By the date fixed for any such prepayment or redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required prepayment or redemption price for this Certificate of Obligation or the portion hereof which is to be so prepaid or redeemed, plus accrued interest thereon to the date fixed for prepayment or redemption. If such written notice of prepayment or redemption is given, and if due provision for such payment is made, all as provided above, this Certificate of Obligation, or the portion thereof which is to be so prepaid or redeemed, thereby automatically shall be treated as prepaid or redeemed prior to its scheduled due date, and shall not bear interest after the date fixed for its prepayment or redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the prepayment or redemption price plus accrued interest to the date fixed for prepayment or redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such prepayments or redemptions of principal of this Certificate of Obligation or any portion hereof.

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered Certificates of Obligation, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Ordinance, this Certificate of Obligation, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate of Obligation must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate of Obligation or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Certificate of Obligation or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate of Obligation may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate of Obligation or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Certificate of Obligation or portion thereof shall be

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paid by the City, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law and that this Certificate of Obligation is additionally secured by a lien on and limited pledge of Surplus Revenues of the City's Solid Waste Management System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with any of the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the City's Solid Waste Management System, all as provided in the Ordinance authorizing the Certificates of Obligation.

THE CITY also has reserved the right to amend the Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates of Obligation.

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

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IN WITNESS WHEREOF, the City has caused this Certificate of Obligation to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the City, and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate of Obligation.

Countersigned:

City Secretary
City of Helotes, Texas

Mayor
City of Helotes, Texas

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts
of the State of Texas

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PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate of Obligation is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated

BOKF, NA
AUSTIN, TEXAS
Paying Agent/Registrar

By _____
Authorized Representative

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Certificate of Obligation, or duly authorized representative or attorney thereof, hereby sells, assigns and transfers this Certificate of Obligation and all rights hereunder unto _____

_____
/_____/_____

(Assignee's Social Security or Taxpayer Identification Number) (Please print or typewrite Assignee's name and address, including zip code)

_____

and hereby irrevocably constitutes and appoints _____ attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

_____

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

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the Mayor of the City of Helotes, Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 (the "Obligations"). The Obligations are issued pursuant to an Ordinance of the Issuer, duly adopted by the Issuer (the "Ordinance"). The Ordinance is incorporated herein by reference.

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

1.4. The undersigned is an officer of the Issuer delegated with the responsibility of issuing and delivering the Obligations.

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

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

2.1. The Obligations are being issued pursuant to the Ordinance (a) to provide for the payment of costs of issuing the Obligations, and (b) to (1) complete the F.M. 1560 realignment project near, generally, the intersections of F.M. 1560, Riggs Rd., Circle A Trail, and S.H. 16, including the construction, improvement, and repair of streets, sidewalks, bike lanes, drainage areas, utility line replacements, traffic and street signalizations, and lighting improvements within the Issuer; (2) complete the S.H. 16/Cedar Trail culvert enlargement drainage project, including the construction, improvement, and repair of streets, sidewalks, drainage improvements, utility line replacements, traffic and street signalizations and lighting improvements within the Issuer; (3) complete the S.H. 16 water and sanitary sewer project between, generally, Circle A Trail and Scenic Loop Rd., including the construction, improvement and extension of waterworks and sewer system infrastructure within the Issuer; (4) complete the Helotes Creek Linear Park transportation enhancement project, including (i) the acquisition and installation of equipment along new and existing pedestrian trails throughout the Old Town Helotes Special District, including bicycle racks, trash receptacles, wayfinding, and benches, (ii) construct and equip a bicycle and pedestrian crosswalk at the intersection of S.H. 16 and Scenic Loop Rd. in and near the Old Town Helotes Special District, (iii) construct and equip a scenic overlook and a Helotes Creek Linear Park access point within the Old Town Helotes Special District, (iv) construct and equip new bicycle and pedestrian trails throughout the Helotes Creek Linear Park and within the Old Town Helotes Special District, including proposed interconnections East (OTHSD) and West sides of S.H. 16, and (v) construct and equip a bicycle and pedestrian bridge across Helotes Creek in the Old Town Helotes Special District; and (5) complete the F.M. 1560 Helotes Creek Tributary A bridge crossing project between, generally, Saltillo Flat and Alta Loma Roads, including a matching contribution from the Issuer to the Texas Department of Transportation for the construction of a bridge and related flood control improvements within the Issuer or its extraterritorial jurisdiction (the "Projects").

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 20 years from the later of the date the Projects are placed in service or the date on which the Obligations are issued.

2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Obligations during the period of acquisition and construction of the Projects and not used to pay interest on the Obligations, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Obligations, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Obligations. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Obligations.

3. Expenditure of Certificate Proceeds and Use of Projects.

3.1. The Issuer will incur, within six months after the date of issue of the Obligations, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.

3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Obligations to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Obligations.

3.4. The Ordinance provides that allocations of proceeds to expenditures for the Projects are expected not to be later than 18 months after the later of the date of the expenditure or the date that the Projects are placed in service, but, in any event, not longer than 60 days after the earlier of five years of the date hereof or the date the Obligations are retired.

3.5. Only Project costs paid or incurred by the Issuer on or after 60 days prior to the date the Issuer approved the funding of the Project (the "60-day period") through its declaration of official intent ("Qualified Costs") will be paid or reimbursed with Bond proceeds. For this purpose Qualified Costs also include preliminary expenditures, incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent, up to an amount not in excess of 20 percent of the aggregate amount of the Obligations. No Qualified Cost represents the cost of property or land acquired from a related party.

3.6. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other nonpurpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.7. Other than members of the general public, the Issuer expects that throughout the lesser of the term of the Obligations, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. In no event will the proceeds of the Obligations or facilities financed therewith be used for private business use in an amount greater than $15 million. The Issuer does not expect to enter into long-term sales of output from the Projects, except on the basis of generally-applicable and uniformly applied rates. The Issuer may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

3.8. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Projects prior to the earlier of the end of such property's useful life or the final maturity of the Obligations. The Ordinance provides that the Issuer will not sell or otherwise dispose of the Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Obligations.

3.9. For purposes of Subsection 3.8 hereof, the Issuer has not included the portion of the Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

4. Interest and Sinking Fund.

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

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

5. Yield.

5.1. The issue price of the Obligations included in the Form 8038-G, is based on the Certificate Regarding Issue Price attached hereto.

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

6. Invested Sinking Fund Proceeds, Replacement Proceeds.

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

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

6.3. The foregoing notwithstanding, the Issuer has not embarked, nor it will embark, on a capital campaign in respect of the Project (or any portions thereof), unless the receipts from such capital campaign will serve to supplement and not to replace the amounts received from the proceeds of the Bonds. With respect to amounts to be received by the Issuer from San Antonio Water System for the construction of the Project, as customers connect, the Issuer will either (i) deposit such amounts in the Interest and Sinking Fund for the purpose of paying debt service on the Obligations within a year of the date of receipt of such amounts, (ii) invest such amounts in state or local governmental obligations (other than "private activity bonds") the interest on which is excludable from gross income for federal income tax purposes pursuant to section 103(a) of the Code or (iii) use such amounts for costs of the Project in excess of the costs of the Project financed with the proceeds of the Obligations.

7. Other Obligations.

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

7.2. The Issuer (including any of its related entities) has not issued nor does it expect to issue any other tax-exempt obligations during the current calendar year in an amount which when aggregated with the Obligations would exceed $10,000,000, within the meaning of section 265(b) of the Code.

8. Federal Tax Audit Responsibilities.

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

9. Record Retention and Private Business Use.

The Issuer has covenanted in the Ordinance that it will comply with the requirements of the Code relating to the exclusion of the interest on the Obligations under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE OBLIGATIONS UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE OBLIGATIONS AND ENDING THREE YEARS AFTER THE DATE THE OBLIGATIONS ARE RETIRED.** The

Issuer acknowledges receipt of the letters attached hereto as Exhibit "B" which discusses limitations related to private business use and Exhibit "C" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transactions.

10. Rebate to United States.

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

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DATED as of August 20, 2015.

CITY OF HELOTES, TEXAS

By: _____
Mayor

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in the Schedules attached hereto as Exhibit "E" are, as of August 20, 2015, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Obligations is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

FIRST SOUTHWEST COMPANY, LLC

By: Anne Burger Entrekin

Name: Anne Burger Entrekin

Title: Managing Director

Exhibit "A"

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January 1, 2006

ARBITRAGE REBATE REGULATIONS©

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

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

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

Effective Dates

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

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

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

Future Value Computation Method

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

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

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

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

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

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

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

General Method for Computing Yield on Bonds

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

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

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

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

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

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

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

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

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

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

Earnings on Nonpurpose Investments

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

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

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

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

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

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

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

Reimbursement and Working Capital

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

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

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

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

Rebate Payments

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

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

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

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

Alternative Penalty Amount

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

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

Exceptions to Rebate

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

a. *Small Issuers*. The first exception provides that if an issuer (together with all subordinate issuers) *during a calendar year* does not issue tax-exempt bonds[2] in an aggregate face amount exceeding $5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception*. Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the $5 million cap may be increased to as much as $15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding

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

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

b. *Spending Exceptions*.

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

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

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

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

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

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

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

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

Conclusion

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

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

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

EXHIBIT "B"

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May 21, 2013

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

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

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

I. Private Business Use

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

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

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

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

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

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

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

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

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

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

II. How Much Private Business Use is Too Much?

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

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

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

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

IV. What is the reasonable expectations standard?

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

V. Change of Use Standard.

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

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

VI. Written Procedures.

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

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

Exhibit "C"

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July 23, 2015

Rick Schroder
City Administrator
City of Helotes
P.O. Box 507
Helotes, Texas 78023

Re: City of Helotes, Texas
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015

Dear Mr. Schroder:

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

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

First, the sale and investment proceeds to be used for the new money project may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the project is completed. The foregoing notwithstanding, the allocation should not occur

later than 60 days after the earlier of (1) of five years after the delivery date of the obligations or (2) the date the obligations are retired unless you obtain an opinion of bond counsel.

Second, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding obligations. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned obligations, or any other outstanding obligations, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

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

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

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

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis Moreover, the

Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

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

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

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Noel Valdez

Exhibit "D"

CERTIFICATE REGARDING ISSUE PRICE

[To be attached hereto]

CERTIFICATE REGARDING ISSUE PRICE

The undersigned hereby certifies with respect to the sale of the City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015, dated August 1, 2015 (the "Certificates"), as follows:

1. The undersigned is a duly authorized representative of the underwriter or of the manager of the syndicate of underwriters that purchased the Certificates from the City of Helotes, Texas (the "Issuer") pursuant to a competitively bid sale. (Such underwriter or syndicate of underwriters is referred to herein as the "Initial Purchaser"). In this capacity, the undersigned is familiar with the facts stated herein.

2. The term "Initial Offering Price" means the respective initial offering price (exclusive of accrued interest) for the Certificates of each maturity (stated as a percent of par) as set forth in the following table.

Stated Maturity (February 1)	Principal Amount	Initial Price or Yield	Stated Maturity (February 1)	Principal Amount	Initial Price or Yield
2016	$ 90,000	101.137	2026	***	***
2017	90,000	103.158	2027	***	***
2018	260,000	104.822	2028	$ 585,000	103.532
2019	90,000	105.365	2029	555,000	102.848
2020	90,000	106.207	2030	545,000	102.665
2021	***	***	2031	245,000	101.656
2022	***	***	2032	***	***
2023	***	***	2033	***	***
2024	***	***	2034	***	***
2025	***	***	2035	***	***

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificate, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

Stated Maturity (February 1)	Year of First Mandatory Redemption	Principal Amount	Initial Price or Yield
2023	2021	$ 285,000	106.174
2027	2024	410,000	107.813
2033	2032	520,000	101.797
2035	2034	550,000	101.139

3. The term "Public" shall not include bond houses, brokers, and similar persons or organizations acting in the capacity of wholesalers or underwriters. The term "Sale Date" means the first day on which there was a binding contract in writing for the sale of the Certificates by the Issuer to the Initial Purchaser on specific terms that were not later modified or adjusted in any material respect. In the case of the Certificates, the Sale Date is July 23, 2015. The term "Issue Date" means the first day on which there is a physical delivery of the written evidence of the Certificates in exchange for the purchase price (but not earlier than the day interest on the Certificates begins to accrue for federal income tax purposes). In the case of the Certificates, the Issue Date is August 20, 2015.

4. Based on the actual facts and reasonable expectations in existence, the Initial Offering Price for each Certificate (a) represented the price (payable in cash, with no other consideration being included, and exclusive of accrued interest), at which the Initial Purchaser reasonably expected each such Certificate would be sold to the Public, and (b) did not exceed what the Initial Purchaser believed to be the respective fair market value of each such Certificate.

5. The Initial Purchaser has made a bona fide public offering to the Public of all the Certificates of each maturity at the Initial Offering Prices set forth above in paragraph 2. The Initial Offering Prices were determined on the Sale Date based on the Initial Purchaser's reasonable expectations regarding the Initial Offering Prices, and at least 10 percent of all of the Certificates, except any Retained Certificates (as defined below) were sold to the Public at the Initial Offering Prices.

For the Certificates maturing in the years 2029, 2030, 2031, 2033, and 2035, of which at least 10 percent of each maturity was not sold to the Public at the Initial Offering Prices (the "Retained Certificates"), the Initial Purchaser reasonably expected, as of the Sale Date, to sell a substantial amount of each maturity of such Certificates to the Public at the respective Initial Offering Prices.

6. The aggregate of the respective Initial Offering Prices (the "Offering Price") of all of the Certificates, exclusive of accrued interest and without adjustment for any costs of issuance, is $9,462,105.65. The pre-issuance accrued interest on the Certificates as of the Issue Date is $7,472.67.

7. The undersigned understands that the representations made in this Certificate will be relied upon by the Issuer with respect to certain of representations to be set forth in its Federal Tax Certificate related to the Certificates, and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion that interest on the Certificates is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

EXECUTED and DELIVERED as of and on the 3rd day of August 2015.

INITIAL PURCHASER

Raymond James & Associates, Inc.

By: _____

Name: Randall Hawkins

Title: Managing Director

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

BOND DEBT SERVICE

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2016	90,000	3.000%	140,237.50	230,237.50
09/30/2017	90,000	3.000%	137,537.50	227,537.50
09/30/2018	260,000	3.000%	132,287.50	392,287.50
09/30/2019	90,000	3.000%	127,037.50	217,037.50
09/30/2020	90,000	3.000%	124,337.50	214,337.50
09/30/2021	95,000	3.000%	121,562.50	216,562.50
09/30/2022	95,000	3.000%	118,712.50	213,712.50
09/30/2023	95,000	3.000%	115,862.50	210,862.50
09/30/2024	100,000	3.500%	112,687.50	212,687.50
09/30/2025	100,000	3.500%	109,187.50	209,187.50
09/30/2026	105,000	3.500%	105,600.00	210,600.00
09/30/2027	105,000	3.500%	101,925.00	206,925.00
09/30/2028	585,000	3.125%	90,946.88	675,946.88
09/30/2029	555,000	3.125%	73,134.38	628,134.38
09/30/2030	545,000	3.250%	55,606.25	600,606.25
09/30/2031	245,000	3.250%	42,768.75	287,768.75
09/30/2032	255,000	3.625%	34,165.63	289,165.63
09/30/2033	265,000	3.625%	24,740.63	289,740.63
09/30/2034	270,000	3.625%	15,043.75	285,043.75
09/30/2035	280,000	3.625%	5,075.00	285,075.00
	4,315,000		1,788,456.27	6,103,456.27

Note: Final

SOURCES AND USES OF FUNDS

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Dated Date	08/01/2015
Delivery Date	08/20/2015

Sources:	
Bond Proceeds:	
Par Amount	4,315,000.00
Accrued Interest	7,472.67
Premium	147,105.65
	4,469,578.32

Uses:	
Project Fund Deposits:	
Project Fund	4,367,883.00
Other Fund Deposits:	
Accrued Interest	7,472.67
Delivery Date Expenses:	
Cost of Issuance	59,472.00
Underwriter's Discount	34,750.42
	94,222.42
Other Uses of Funds:	
Additional Proceeds	0.23
	4,469,578.32

Note: Final

BOND SUMMARY STATISTICS

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Dated Date	08/01/2015
Delivery Date	08/20/2015
First Coupon	02/01/2016
Last Maturity	02/01/2035
Arbitrage Yield	2.886472%
True Interest Cost (TIC)	3.083148%
Net Interest Cost (NIC)	3.143623%
All-In TIC	3.220346%
Average Coupon	3.354351%
Average Life (years)	12.304
Duration of Issue (years)	9.980
Par Amount	4,315,000.00
Bond Proceeds	4,469,578.32
Total Interest	1,788,456.27
Net Interest	1,676,101.04
Bond Years from Dated Date	53,317,500.00
Bond Years from Delivery Date	53,089,763.89
Total Debt Service	6,103,456.27
Maximum Annual Debt Service	675,946.88
Average Annual Debt Service	313,462.95
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	8.053400
Total Underwriter's Discount	8.053400
Bid Price	102.603829

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date
Term Bond 1	285,000.00	106.174	3.000%	6.447	01/29/2022
Term Bond 2	410,000.00	107.813	3.500%	9.972	08/09/2025
Bond Component	2,550,000.00	103.210	3.170%	10.949	08/01/2026
Term Bond 3	520,000.00	101.797	3.625%	16.957	08/03/2032
Term Bond 4	550,000.00	101.139	3.625%	18.956	08/03/2034
	4,315,000.00			12.304	

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,315,000.00	4,315,000.00	4,315,000.00
+ Accrued Interest		7,472.67	7,472.67
+ Premium (Discount)	147,105.65	147,105.65	147,105.65
- Underwriter's Discount	-34,750.42	-34,750.42	
- Cost of Issuance Expense		-59,472.00	
- Other Amounts			
Target Value	4,427,355.23	4,375,355.90	4,469,578.32
Target Date	08/01/2015	08/20/2015	08/20/2015
Yield	3.083148%	3.220346%	2.886472%

Note: Final

BOND PRICING

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	02/01/2016	90,000	3.000%	0.450%	101.137				1,023.30
	02/01/2017	90,000	3.000%	0.800%	103.158				2,842.20
	02/01/2018	260,000	3.000%	1.000%	104.822				12,537.20
	02/01/2019	90,000	3.000%	1.400%	105.365				4,828.50
	02/01/2020	90,000	3.000%	1.550%	106.207				5,586.30
	02/01/2028	585,000	3.125%	2.600%	103.532 C	2.787%	02/01/2023	100.000	20,662.20
	02/01/2029	555,000	3.125%	2.700%	102.848 C	2.868%	02/01/2023	100.000	15,806.40
	02/01/2030	545,000	3.250%	2.850%	102.665 C	3.021%	02/01/2023	100.000	14,524.25
	02/01/2031	245,000	3.250%	3.000%	101.656 C	3.114%	02/01/2023	100.000	4,057.20
		2,550,000							81,867.55
Term Bond 1:									
	02/01/2021	95,000	3.000%	2.100%	106.174				5,865.30
	02/01/2022	95,000	3.000%	2.100%	106.174				5,865.30
	02/01/2023	95,000	3.000%	2.100%	106.174				5,865.30
		285,000							17,595.90
Term Bond 2:									
	02/01/2024	100,000	3.500%	2.350%	107.813 C	2.702%	02/01/2023	100.000	7,813.00
	02/01/2025	100,000	3.500%	2.350%	107.813 C	2.702%	02/01/2023	100.000	7,813.00
	02/01/2026	105,000	3.500%	2.350%	107.813 C	2.702%	02/01/2023	100.000	8,203.65
	02/01/2027	105,000	3.500%	2.350%	107.813 C	2.702%	02/01/2023	100.000	8,203.65
		410,000							32,033.30
Term Bond 4:									
	02/01/2034	270,000	3.625%	3.450%	101.139 C	3.543%	02/01/2023	100.000	3,075.30
	02/01/2035	280,000	3.625%	3.450%	101.139 C	3.543%	02/01/2023	100.000	3,189.20
		550,000							6,264.50
Term Bond 3:									
	02/01/2032	255,000	3.625%	3.350%	101.797 C	3.487%	02/01/2023	100.000	4,582.35
	02/01/2033	265,000	3.625%	3.350%	101.797 C	3.487%	02/01/2023	100.000	4,762.05
		520,000							9,344.40
		4,315,000							147,105.65

Dated Date	08/01/2015	
Delivery Date	08/20/2015	
First Coupon	02/01/2016	
Par Amount	4,315,000.00	
Premium	147,105.65	
Production	4,462,105.65	103.409169%
Underwriter's Discount	-34,750.42	-0.805340%
Purchase Price	4,427,355.23	102.603829%
Accrued Interest	7,472.67	
Net Proceeds	4,434,827.90	

Note: Final

BOND DEBT SERVICE

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2016	90,000	3.000%	70,793.75	160,793.75	
08/01/2016			69,443.75	69,443.75	
09/30/2016					230,237.50
02/01/2017	90,000	3.000%	69,443.75	159,443.75	
08/01/2017			68,093.75	68,093.75	
09/30/2017					227,537.50
02/01/2018	260,000	3.000%	68,093.75	328,093.75	
08/01/2018			64,193.75	64,193.75	
09/30/2018					392,287.50
02/01/2019	90,000	3.000%	64,193.75	154,193.75	
08/01/2019			62,843.75	62,843.75	
09/30/2019					217,037.50
02/01/2020	90,000	3.000%	62,843.75	152,843.75	
08/01/2020			61,493.75	61,493.75	
09/30/2020					214,337.50
02/01/2021	95,000	3.000%	61,493.75	156,493.75	
08/01/2021			60,068.75	60,068.75	
09/30/2021					216,562.50
02/01/2022	95,000	3.000%	60,068.75	155,068.75	
08/01/2022			58,643.75	58,643.75	
09/30/2022					213,712.50
02/01/2023	95,000	3.000%	58,643.75	153,643.75	
08/01/2023			57,218.75	57,218.75	
09/30/2023					210,862.50
02/01/2024	100,000	3.500%	57,218.75	157,218.75	
08/01/2024			55,468.75	55,468.75	
09/30/2024					212,687.50
02/01/2025	100,000	3.500%	55,468.75	155,468.75	
08/01/2025			53,718.75	53,718.75	
09/30/2025					209,187.50
02/01/2026	105,000	3.500%	53,718.75	158,718.75	
08/01/2026			51,881.25	51,881.25	
09/30/2026					210,600.00
02/01/2027	105,000	3.500%	51,881.25	156,881.25	
08/01/2027			50,043.75	50,043.75	
09/30/2027					206,925.00
02/01/2028	585,000	3.125%	50,043.75	635,043.75	
08/01/2028			40,903.13	40,903.13	
09/30/2028					675,946.88
02/01/2029	555,000	3.125%	40,903.13	595,903.13	
08/01/2029			32,231.25	32,231.25	
09/30/2029					628,134.38
02/01/2030	545,000	3.250%	32,231.25	577,231.25	
08/01/2030			23,375.00	23,375.00	
09/30/2030					600,606.25
02/01/2031	245,000	3.250%	23,375.00	268,375.00	
08/01/2031			19,393.75	19,393.75	
09/30/2031					287,768.75
02/01/2032	255,000	3.625%	19,393.75	274,393.75	
08/01/2032			14,771.88	14,771.88	
09/30/2032					289,165.63
02/01/2033	265,000	3.625%	14,771.88	279,771.88	
08/01/2033			9,968.75	9,968.75	
09/30/2033					289,740.63
02/01/2034	270,000	3.625%	9,968.75	279,968.75	
08/01/2034			5,075.00	5,075.00	
09/30/2034					285,043.75
02/01/2035	280,000	3.625%	5,075.00	285,075.00	
09/30/2035					285,075.00
	4,315,000		1,788,456.27	6,103,456.27	6,103,456.27

Note: Final

FORM 8038 STATISTICS

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Dated Date	08/01/2015
Delivery Date	08/20/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	02/01/2016	90,000.00	3.000%	101.137	91,023.30	90,000.00
	02/01/2017	90,000.00	3.000%	103.158	92,842.20	90,000.00
	02/01/2018	260,000.00	3.000%	104.822	272,537.20	260,000.00
	02/01/2019	90,000.00	3.000%	105.365	94,828.50	90,000.00
	02/01/2020	90,000.00	3.000%	106.207	95,586.30	90,000.00
	02/01/2028	585,000.00	3.125%	103.532	605,662.20	585,000.00
	02/01/2029	555,000.00	3.125%	102.848	570,806.40	555,000.00
	02/01/2030	545,000.00	3.250%	102.665	559,524.25	545,000.00
	02/01/2031	245,000.00	3.250%	101.656	249,057.20	245,000.00
Term Bond 1:						
	02/01/2021	95,000.00	3.000%	106.174	100,865.30	95,000.00
	02/01/2022	95,000.00	3.000%	106.174	100,865.30	95,000.00
	02/01/2023	95,000.00	3.000%	106.174	100,865.30	95,000.00
Term Bond 2:						
	02/01/2024	100,000.00	3.500%	107.813	107,813.00	100,000.00
	02/01/2025	100,000.00	3.500%	107.813	107,813.00	100,000.00
	02/01/2026	105,000.00	3.500%	107.813	113,203.65	105,000.00
	02/01/2027	105,000.00	3.500%	107.813	113,203.65	105,000.00
Term Bond 4:						
	02/01/2034	270,000.00	3.625%	101.139	273,075.30	270,000.00
	02/01/2035	280,000.00	3.625%	101.139	283,189.20	280,000.00
Term Bond 3:						
	02/01/2032	255,000.00	3.625%	101.797	259,582.35	255,000.00
	02/01/2033	265,000.00	3.625%	101.797	269,762.05	265,000.00
		4,315,000.00			4,462,105.65	4,315,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/01/2035	3.625%	283,189.20	280,000.00		
Entire Issue			4,462,105.65	4,315,000.00	12.2406	2.8865%

Proceeds used for accrued interest	7,472.67
Proceeds used for bond issuance costs (including underwriters' discount)	94,222.42
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

Note: Final

PROOF OF ARBITRAGE YIELD

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Date	Debt Service	Present Value to 08/20/2015 @ 2.8864719365%
02/01/2016	160,793.75	158,746.06
08/01/2016	69,443.75	67,583.99
02/01/2017	159,443.75	152,966.07
08/01/2017	68,093.75	64,397.91
02/01/2018	328,093.75	305,871.75
08/01/2018	64,193.75	58,994.44
02/01/2019	154,193.75	139,688.93
08/01/2019	62,843.75	56,122.14
02/01/2020	152,843.75	134,554.03
08/01/2020	61,493.75	53,365.05
02/01/2021	156,493.75	133,875.11
08/01/2021	60,068.75	50,655.70
02/01/2022	155,068.75	128,908.32
08/01/2022	58,643.75	48,056.85
02/01/2023	2,768,643.75	2,236,544.50
08/01/2023	13,950.00	11,108.66
02/01/2024	13,950.00	10,950.61
08/01/2024	13,950.00	10,794.82
02/01/2025	13,950.00	10,641.24
08/01/2025	13,950.00	10,489.85
02/01/2026	13,950.00	10,340.61
08/01/2026	13,950.00	10,193.49
02/01/2027	13,950.00	10,048.47
08/01/2027	13,950.00	9,905.51
02/01/2028	13,950.00	9,764.58
08/01/2028	13,950.00	9,625.66
02/01/2029	13,950.00	9,488.72
08/01/2029	13,950.00	9,353.72
02/01/2030	13,950.00	9,220.65
08/01/2030	13,950.00	9,089.46
02/01/2031	258,950.00	166,324.75
08/01/2031	9,968.75	6,311.88
02/01/2032	9,968.75	6,222.08
08/01/2032	9,968.75	6,133.56
02/01/2033	9,968.75	6,046.29
08/01/2033	9,968.75	5,960.27
02/01/2034	279,968.75	165,010.64
08/01/2034	5,075.00	2,948.60
02/01/2035	285,075.00	163,273.36
	5,568,518.75	4,469,578.32

Proceeds Summary

Delivery date	08/20/2015
Par Value	4,315,000.00
Accrued interest	7,472.67
Premium (Discount)	147,105.65
Target for yield calculation	4,469,578.32

PROOF OF ARBITRAGE YIELD

City of Helotes, TX
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Final Numbers

Assumed Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 08/20/2015 @ 2.8864719365%
BOND	02/01/2028	3.125%	2.600%	02/01/2023	100.000	-11,377.56
BOND	02/01/2029	3.125%	2.700%	02/01/2023	100.000	-6,997.90
BOND	02/01/2030	3.250%	2.850%	02/01/2023	100.000	-1,338.78
TERM02	02/01/2024	3.500%	2.350%	02/01/2023	100.000	-3,729.18
TERM02	02/01/2025	3.500%	2.350%	02/01/2023	100.000	-3,729.18
TERM02	02/01/2026	3.500%	2.350%	02/01/2023	100.000	-3,915.63
TERM02	02/01/2027	3.500%	2.350%	02/01/2023	100.000	-3,915.63
TERM03	02/01/2032	3.625%	3.350%	02/01/2023	100.000	7,953.60
TERM03	02/01/2033	3.625%	3.350%	02/01/2023	100.000	8,265.51

Rejected Call/Computation Dates for Premium Bonds

Bond Component	Maturity Date	Rate	Yield	Call Date	Call Price	Net Present Value (NPV) to 08/20/2015 @ 2.8864719365%	Increase to NPV
BOND	02/01/2028	3.125%	2.600%			-6,164.22	5,213.34
BOND	02/01/2029	3.125%	2.700%			-1,144.94	5,852.96
BOND	02/01/2030	3.250%	2.850%			8,739.68	10,078.46
TERM02	02/01/2024	3.500%	2.350%			-3,244.09	485.09
TERM02	02/01/2025	3.500%	2.350%			-2,772.70	956.48
TERM02	02/01/2026	3.500%	2.350%			-2,430.37	1,485.26
TERM02	02/01/2027	3.500%	2.350%			-1,962.99	1,952.64
TERM03	02/01/2032	3.625%	3.350%			19,935.90	11,982.30
TERM03	02/01/2033	3.625%	3.350%			21,913.30	13,647.79

Note: Final

Exhibit "F"

CERTIFICATE OF ELECTION PURSUANT TO SECTION 148(f)(4)(C)
OF THE INTERNAL REVENUE CODE OF 1986

I, the undersigned, being the duly authorized representative of the City of Helotes, Texas (the "Issuer") hereby state that the Issuer elects the provisions of section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code"), relating to the exception to arbitrage rebate for temporary investments, as more specifically designated below, with respect to the Issuer's Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 (the "Obligations") which are being issued on the date of delivery of the Obligations. The CUSIP Number for the Obligations is stated on the Form 8038-G filed in connection with the Obligations. The Issuer intends to take action to comply with the two-year temporary investments exception to rebate afforded construction bonds under section 148(f)(4)(C) of the Code or any of the other exceptions available to the Issuer in accordance with section 1.148-7 of the Treasury Regulations. Capitalized terms have the same meaning as defined in the Federal Tax Certificate.

☐ 1. PENALTY ELECTION. In the event that the Issuer should fail to expend the "available construction proceeds" of the Obligations in accordance with the provisions of section 148(f)(4)(C) of the Code, the Issuer elects, in lieu of rebate, the penalty provisions of section 148(f)(4)(C)(vii)(I) of the Code.

☐ 2. RESERVE FUND ELECTION. The Issuer elects to exclude from "available construction proceeds," within the meaning of section 148(f)(4)(C)(vi) of the Code, of the Obligations, earnings on the Reserve Fund in accordance with section 148(f)(4)(C)(vi)(IV) of the Code.

☐ 3. MULTIPURPOSE ELECTION. The Issuer elects to treat that portion of the Obligations the proceeds of which are to be used for the payment of expenditures for construction, reconstruction or rehabilitation of the Projects, as defined in the instrument authorizing the issuance of the Obligations, in an amount which is currently expected to be equal to $_____ as a separate issue in accordance with the provisions of section 148(f)(4)(C)(v)(II) of the Code. ***(Note: This election is not necessary unless less than 75 percent of the proceeds of the Obligations will be used for construction, reconstruction or renovation.)***

☐ 4. ACTUAL FACTS. For purposes of determining compliance with section 148(f)(4)(c) of the Code (other than qualification of the Obligations as a qualified construction issue), the Issuer elects to use actual facts rather than reasonable expectations.

☒ 5. NO ELECTION. The Issuer understands that the elections which are adopted as evidenced by the check in the box adjacent to the applicable provision are ***irrevocable***. Further, the Issuer understands that qualification of the Obligations for eligibility for the exclusion from the rebate requirement set forth in section 148(f) of the Code is based on subsequent events and is unaffected by the Issuer's expectations of such events as of the date of delivery of the Obligations. ***Accordingly, while failure to execute this certificate and to designate the intended election does not preclude qualification, it would preclude the Issuer from the relief afforded by such election.***

DATED: August 20, 2015

Mayor
City of Helotes
P.O. Box 507
Helotes, Texas 78023
Employer I.D. Number: 74-2220224

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

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

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

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

September 15, 2015

VIA UPS 2ND DAY AIR 1Z56404W0293146478

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

Re: Information Reporting - Tax-Exempt Bonds
City of Helotes, Texas
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued August 20, 2015.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.

Stefano Taverna

ST: gv
Enclosures
cc: Noel Valdez

Form **8038-G** (Rev. September 2011) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

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

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name: Helotes, Texas (City of)

2 Issuer's employer identification number (EIN): 74-2220224

3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions): None

3b Telephone number of other person shown on 3a: N/A

4 Number and street (or P.O. box if mail is not delivered to street address): P.O. 507 — Room/suite:

5 Report number *(For IRS Use Only)*: 3

6 City, town, or post office, state, and ZIP code: Helotes, Texas 78023

7 Date of issue: 08/20/2015

8 Name of issue: Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015

9 CUSIP number: 423482 BS6

10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions): Rick Schroder, City Administrator

10b Telephone number of officer or other employee shown on 10a: (210) 695-8877

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

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	
18	Other. Describe ▶ various municipal projects	18	4,462,106
19	If obligations are TANs or RANs, check only box 19a ▶ ☐		
	If obligations are BANs, check only box 19b ▶ ☐		
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐		

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

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/01/2035	$ 4,462,106	$ 4,315,000	12.24 years	2.8864 %

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

22	Proceeds used for accrued interest			22	7,473
23	Issue price of entire issue (enter amount from line 21, column (b))			23	4,462,106
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	94,222		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	-0-		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	94,222
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	4,367,884

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

Not applicable

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ _____ years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ _____ years

33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶

34 Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	-0-
b	Enter the final maturity date of the GIC ▶		
c	Enter the name of the GIC provider ▶		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	-0-

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ Signature of issuer's authorized representative — Date 08/20/2015 — ▶ Thomas A. Schoolcraft, Mayor — Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Stefano Taverna		08/20/2015		P01067358

Firm's name ▶ McCall, Parkhurst & Horton L.L.P. — Firm's EIN ▶ 75-0799392

Firm's address ▶ 717 N. Harwood, Suite 900, Dallas, TX 75201 — Phone no. 214-754-9200

GENERAL CERTIFICATE

THE STATE OF TEXAS §
COUNTY OF BEXAR §
CITY OF HELOTES §

We, the undersigned, hereby officially certify that we are the Mayor and City Secretary, respectively, of the **CITY OF HELOTES, TEXAS** (the "***City***"), and we further certify as follows:

1. This certificate is given for the benefit of the Attorney General of the State of Texas and all parties interested in the **$4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015** (the "***Certificates***"), dated as of August 1, 2015, and authorized by an ordinance passed by the City Council of the City on July 23, 2015.

2. The City is a duly incorporated Type A general law municipality, having more than 5,000 inhabitants, operating and existing under the laws of the State of Texas.

3. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the proposed Certificates; (b) the authority of the officers of the City to issue, execute and deliver the Certificates; or (c) the validity of the corporate existence or the current Tax Rolls or the Charter of the City; and no litigation is pending pertaining to, affecting or contesting the boundaries of the City.

4. The currently effective ad valorem tax appraisal roll of the City (the "***Tax Roll***") is the Tax Roll prepared and approved during the calendar year 2014/2015, being the most recently approved Tax Roll of the City; that the taxable property in the City has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "***Texas law***"); that the Tax Roll for said year has been submitted to the City Council of the City as required by Texas law, and has been approved and recorded by the City Council; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in the City (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of the City has been or will be imposed and levied, is *$828,244,748.*

5. Attached hereto as Exhibit A is a true, full and correct schedule and statement of the aforesaid proposed Certificates, and all presently outstanding tax indebtedness of the City, and attached hereto as Exhibit B is a combined debt service schedule for all outstanding tax indebtedness of the City (including the aforesaid proposed Certificates). The City is not in default as to any covenant, condition, or obligation in connection with any of such outstanding obligations or the ordinances authorizing same.

6. Revenues of the City's Solid Waste Management System have not been encumbered other than in connection with (i) the proposed Certificates, (ii) the City's Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2002, and (iii) the City's Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007, wherein such series of certificates

of obligation are secured, in part, by a limited pledge of revenues of the City's Solid Waste Management System.

7. Attached hereto as Exhibit C is a true, full and correct schedule and statement of the gross revenues of the City's Solid Waste Management System for the past five fiscal years (year ending September 30).

8. Attached hereto as Exhibit D is a true, full and correct schedule of the current rates and charges of the City's Solid Waste Management System.

9. The following persons are the duly elected members of the City Council of the City as of the date hereof:

Thomas A. Schoolcraft	Mayor
Paul Friedrichs	Mayor Pro Tem
Edward Villanueva	Council Member
Alex Blue	Council Member
Bert Buys	Council Member
Cynthia Massey	Council Member

10. The following person is the duly appointed City Administrator and City Secretary of the City as of the date hereof:

Rick A. Schroder	City Administrator
Grace Tamez	City Secretary

11. Attached hereto as Exhibit E is a true and correct copy of a notice published in the *The Echo* on July 30, 2014 (which newspaper has represented to the City that it is a newspaper of general circulation in Bexar County, Texas, which satisfies each of the requirements of Section 2051.044, Texas Government Code, as amended (i.e. devotes not less than 25% of its total column lineage to general interest items, is published at least once each week, is entered as second-class postal matter in the county where published, and has been published regularly and continuously for at least 12 months prior to the date of publication) describing the projects or the general type of projects intended to be financed by the Helotes Economic Development Corporation (the "Corporation"). Neither the City or the Corporation received within 60 days of publication of such notice a petition from more than ten percent of the registered voters of the City requesting that an election be held before such projects could be undertaken.

[The remainder of this page intentionally left blank]

SIGNED AND SEALED THIS 23rd DAY OF JULY, 2015.

Mayor
City of Helotes, Texas

City Secretary
City of Helotes, Texas

(SEAL)

[SIGNATURE PAGE TO THE GENERAL CERTIFICATE]

EXHIBIT A

SCHEDULE OF ALL OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS OF THE CITY OF HELOTES, TEXAS

THE PROPOSED CERTIFICATES OF OBLIGATION AND REFUNDING BONDS

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015, dated August 1, 2015, to be outstanding in the aggregate principal amount of *$4,315,000,* bearing interest and maturing as set forth in the Ordinance authorizing such Certificates.

ALL PRESENTLY OUTSTANDING TAX INDEBTEDNESS:

TITLE OF OUTSTANDING OBLIGATIONS	DATED DATE	CURRENT OUTSTANDING PRINCIPAL AMOUNT
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2002	08/01/2002	$270,000
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007	03/01/2007	7,065,000
TOTAL PRINCIPAL AMOUNT CURRENTLY OUTSTANDING:	***	$7,335,000 (1)

(1) Security: Limited tax and a limited pledge of revenues of the City's Solid Waste System.

EXHIBIT B

COMBINED DEBT SERVICE SCHEDULE

DEBT INFORMATION

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service[1]			The Certificates			Less: Self-Supporting Debt Service	Total Net Tax-Supported Debt Service	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total			
2015	$ 570,000	$ 300,639	$ 870,639	$ -	$ -	$ -	$ 292,998	$ 577,640	
2016	595,000	277,370	872,370	90,000	140,238	230,238	318,808	783,799	
2017	625,000	252,895	877,895	90,000	137,538	227,538	318,811	786,621	
2018	500,000	230,495	730,495	260,000	132,288	392,288	335,096	787,686	
2019	525,000	210,353	735,353	90,000	127,038	217,038	318,343	634,048	27.37%
2020	550,000	189,230	739,230	90,000	124,338	214,338	319,726	633,841	
2021	570,000	167,222	737,222	95,000	121,563	216,563	318,732	635,052	
2022	595,000	144,329	739,329	95,000	118,713	213,713	319,901	633,141	
2023	620,000	120,455	740,455	95,000	115,863	210,863	320,108	631,209	
2024	645,000	95,597	740,597	100,000	112,688	212,688	319,902	633,382	55.65%
2025	675,000	69,659	744,659	100,000	109,188	209,188	321,246	632,601	
2026	700,000	42,641	742,641	105,000	105,600	210,600	320,663	632,578	
2027	735,000	14,443	749,443	105,000	101,925	206,925	323,042	633,326	
2028	-	-	-	585,000	90,947	675,947	75,932	600,015	
2029	-	-	-	555,000	73,134	628,134	70,228	557,906	84.78%
2030	-	-	-	545,000	55,606	600,606	66,771	533,835	
2031	-	-	-	245,000	42,769	287,769	36,891	250,878	
2032	-	-	-	255,000	34,166	289,166	37,248	251,918	
2033	-	-	-	265,000	24,741	289,741	37,010	252,731	
2034	-	-	-	270,000	15,044	285,044	37,258	247,785	97.71%
2035	-	-	-	280,000	5,075	285,075	36,913	248,162	100.00%
	$ 7,905,000	$ 2,115,326	$ 10,020,326	$ 4,315,000	$ 1,788,456	$ 6,103,456	$ 4,545,629	$ 11,578,153	

(1) "Outstanding Debt" does not include lease/purchase obligations.

EXHIBIT C

SOLID WASTE MANAGEMENT
FISCAL YEAR ENDED SEPTEMBER 30

	2014	2013	2012	2011	2010
Total Gross Revenues	$42,914	$50,516	$45,514	$40,468	$38,117

EXHIBIT D

CURRENT RATES AND CHARGES OF THE CITY'S SOLID WASTE MANAGEMENT SYSTEM

ORDINANCE NO. 471

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS AMENDING A SOLID WASTE COLLECTION AND DISPOSAL SERVICES CONTRACT AND MUNICIPAL FRANCHISE CONTRACT AWARDED TO C-6 DISPOSAL SYSTEMS, INC. FOR THE COLLECTION, REMOVAL, AND DISPOSAL OF SOLID WASTE AND RECYCLABLE MATERIAL ON MAY 24, 2012 BY ADDING A SCHEDULE OF FEES FOR THE COLLECTION, REMOVAL, AND DISPOSAL OF SOLID WASTE AND RECYCLABLE MATERIAL FOR LEADERSHIP IN ENERGY AND ENVIRONMENTAL DESIGN (LEED) DEVELOPMENT PROJECTS AND SUBCONTRACTED GRAPPLE TRUCK SERVICES; AUTHORIZING THE CITY ADMINISTRATOR TO TAKE ALL NECESSARY STEPS TO IMPLEMENT THE PROVISIONS OF THIS ORDINANCE; INCORPORATING RECITALS; PROVIDING FOR SEVERABILITY; REPEALING ANY OTHER CODE PROVISIONS, ORDINANCES, OR PARTS OF ORDINANCES, AND OTHER PROVISIONS IN CONFLICT HEREWITH; AND SETTING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Helotes has determined that amending the current solid waste collection and disposal services contract and municipal franchise contract awarded to C-6 Disposal Systems, Inc. for the collection, removal, and disposal of solid waste and recyclable material for LEED development projects is necessary to preserve and protect the public health of the citizens of the City of Helotes.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HELOTES, TEXAS THAT:

Section One. ***Amendment.*** Exhibit A *Schedule of Rates for Solid Waste Collection and Disposal Services* of a solid waste collection and disposal services contract and municipal franchise contract awarded to C-6 Disposal Systems, Inc. for the collection, removal, and disposal of solid waste and recyclable material is hereby amended as follows:

"Exhibit "A"

Schedule of Rates
for
Solid Waste Collection and Disposal Services

**********The Rates / Fees notated below do not include applicable fuel surcharges or sales tax**********

Carts:

A resident over the age of sixty-five (65) shall receive a five percent (5%) discount on Residential Unit Service so long as said resident is both the actual occupant of the unit and the owner of the unit per Bexar County Appraisal District.

Residential Unit Service (RUS)	$19.05 / month

Additional 96 Gallon (gal.) Totter for RUS	$17.15 / month / totter
Additional 96 Gal. Totter for RUS Recycling	$7.50 / month / totter
Commercial Hand Load Service	$19.05 / month

Service Reinstatement Fees:

Service Reinstatement Fee	$35.00 / occurrence

Roll-Off for Construction Debris:

Customers shall not fill any roll-off container with dirt, rock, masonry, or other similar materials that is greater than one quarter (1/4) of the depth of the commercial container. Commercial and industrial units shall be responsible for the payment of other fees (fuel / environmental) assessed by the landfill for the disposal of construction debris generated directly by the units.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Delivery Fee	$106.38	N/a
Relocation Fee	$106.38 (Truck Not Onsite) / $37.23 (Truck Still Onsite)	N/a
Rental / Day	$2.26 / Day	N/a
10 Cu. Yard	$239.36 / Pull	$25.74 / Ton
20 Cu. Yard	$239.36 / Pull	$25.74 / Ton
30 Cu. Yard	$239.36 / Pull	$25.74 / Ton
40 Cu. Yard	$239.36 / Pull	$25.74 / Ton
Dry Run Charge (Fee assessed in the event the Contractor is unable to service commercial container due to overload, other weight issues, locked gate(s), or other similar issues.)	$106.38	N/a
Same Spot Charge (Fee assessed in the event the Contractor is required to place the commercial container in the same location as the commercial container being swapped out.)	$26.60	N/a

Roll-Off for LEED Development Projects:

The following types of materials shall be collected from LEED development projects and processed according to general industry standards:

- *Wood – Clean, with no nails, paint water sealant, creosote, and other similar materials.*
- *Concrete, with rebar trimmed and pieces two (2) feet in diameter or smaller.*
- *Dirt – Clean, with no contaminants.*
- *Metals.*
- *Dry Cardboard.*
- *Plastics.*

Upon collection, all material will be weighed, and a weight ticket will be provided for each type of material collected for documentation purposes to the customer. Occasionally, receiving land fill / recycling sites discontinue acceptance of said materials. In such cases, the customer shall be billed in accordance with Roll-off for Construction Debris fees notated above.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Dirt, 20 Cu. Yard	$258.04	N/a
Concrete, 20 Cu. Yard	$258.04	$20.00 Per Load Fee

Metals, 30 Cu. Yard	$258.04	Per Load Fee – Metals Market Minus $50.00 Per Ton
Wood, 40 Cu. Yard	$258.04	$110.67 Per Load Fee
Cardboard, 40 Cu. Yard	$225.00	OBM Market Minus $50.00 Per Ton
Plastics, 40 Cu. Yard	$225.00	Plastics Market Minus $50.00 Per Ton
Rejected Recycle Load	$250.00	N/a

Roll-Off for Residential Unit Solid Waste:

Residential Unit Solid Waste, as defined herein, is similar to the definition typically prescribed by the solid waste industry for municipal solid waste. Commercial and industrial units shall be responsible for the payment of other fees (fuel / environmental) assessed by the landfill for the disposal of residential unit solid waste generated directly by the units.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Delivery Fee	$106.38	N/a
Relocation Fee	$106.38 (Truck Not Onsite) / $37.23 (Truck Still Onsite)	N/a
Rental / Day	$2.26 / Day	N/a
10 Cu. Yard	$191.49 / Pull	$40.96 / Ton (4 Ton Min.)
20 Cu. Yard	$191.49 / Pull	$40.96 / Ton (4 Ton Min.)
30 Cu. Yard	$191.49 / Pull	$40.96 / Ton (4 Ton Min.)
40 Cu. Yard	$191.49 / Pull	$40.96 / Ton (4 Ton Min.)
34 Self-contained Pkr.	$2,659.57 / Install	N/a
34 Self-contained Rental	$452.13 / Month	N/a
34 Self-contained Haul Fee	$335.11	$40.96 / Ton (4 Ton Min.)
40 Yard Stationary Pkr.	$2,659.57 / Install	N/a
40 Yard Stationary Rental	$398.94 / Month	N/a
40 Yard Stationary Haul Fee	$287.23	$40.96 / Ton (4 Ton Min.)
Corrugated Haul Fee (OCC) (Cardboard Material)	$287.23	N/a
Single Stream Haul Fee (SS) (Mixed Recyclables)	$287.23	N/a
Dry Run Charge (Fee assessed in the event the Contractor is unable to service commercial container due to overload, other weight issues, locked gate(s), or other similar issues.)	$106.38	N/a
Same Spot Charge (Fee assessed in the event the Contractor is required to place the commercial container in the same location as the commercial container being swapped out.)	$26.60	N/a

Roll-Off for Special Waste (incl. Swine Excrement):

Commercial and industrial units shall be responsible for the payment of other fees (fuel / environmental) assessed by the landfill for the disposal of special waste generated directly by the units.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Delivery Fee	$106.38	N/a
Relocation Fee	$106.38 (Truck Not Onsite) / $37.23 (Truck Still Onsite)	N/a

Rental / Day	$2.26 / Day	N/a
10 Cu. Yard	$191.49 / Pull	$45.00 / Ton (4 Ton Min.)
20 Cu. Yard	$191.49 / Pull	$45.00 / Ton (4 Ton Min.)
30 Cu. Yard	$191.49 / Pull	$45.00 / Ton (4 Ton Min.)
40 Cu. Yard	$191.49 / Pull	$45.00 / Ton (4 Ton Min.)
Dry Run Charge (Fee assessed in the event the Contractor is unable to service commercial container due to overload, other weight issues, locked gate(s), or other similar issues.)	$106.38	N/a
Same Spot Charge (Fee assessed in the event the Contractor is required to place the commercial container in the same location as the commercial container being swapped out.)	$26.60	N/a

Roll-Off for Brush (Brush and Unpainted Wood without Fasteners Only):

Commercial and industrial units shall be responsible for the payment of other fees (fuel / environmental) assessed by the landfill for the disposal of brush generated directly by the units.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Delivery Fee	$106.38	N/a
Relocation Fee	$106.38 (Truck Not Onsite) / $37.23 (Truck Still Onsite)	N/a
Rental / Day	$2.26 / Day	N/a
30 Cu. Yard	$215.43 / Pull	$21.28 / Ton
Dry Run Charge (Fee assessed in the event the Contractor is unable to service commercial container due to overload, other weight issues, locked gate(s), or other similar issues.)	$106.38	N/a
Same Spot Charge (Fee assessed in the event the Contractor is required to place the commercial container in the same location as the commercial container being swapped out.)	$26.60	N/a

Miscellaneous Fees:

	Misc. / Delivery / Hauling Fee	Disposal Fee
Grapple Truck (C-6 Disposal) Grapple Truck (Subcontractor)	$111.70 / Hour $150.00 / Hour (10 Hr. Min.)	(See Disposal Fees / Ton and Applicable Minimums Above)

Frontload Commercial Containers (Residential Unit Solid Waste):

2 Cu. Yard / 1X Per Week	$51.16 / Month
2 Cu. Yard / 2X Per Week	$87.53 / Month
2 Cu. Yard / 3X Per Week	$111.40 / Month
2 Cu. Yard / 4X Per Week	$136.40 / Month
2 Cu. Yard / 5X Per Week	$170.51 / Month
3 Cu. Yard / 1X Per Week	$64.80 / Month
3 Cu. Yard / 2X Per Week	$105.71 / Month
3 Cu. Yard / 3X Per Week	$159.13 / Month

3 Cu. Yard / 4X Per Week	$204.60 / Month
3 Cu. Yard / 5X Per Week	$244.39 / Month
4 Cu. Yard / 1X Per Week	$69.33 / Month
4 Cu. Yard / 2X Per Week	$119.36 / Month
4 Cu. Yard / 3X Per Week	$170.51 / Month
4 Cu. Yard / 4X Per Week	$227.35 / Month
4 Cu. Yard / 5X Per Week	$284.18 / Month
6 Cu. Yard / 1X Per Week	$85.25 / Month
6 Cu. Yard / 2X Per Week	$153.46 / Month
6 Cu. Yard / 3X Per Week	$210.29 / Month
6 Cu. Yard / 4X Per Week	$267.12 / Month
6 Cu. Yard / 5X Per Week	$329.65 / Month
8 Cu. Yard / 1X Per Week	$107.99 / Month
8 Cu. Yard / 2X Per Week	$176.18 / Month
8 Cu. Yard / 3X Per Week	$261.45 / Month
8 Cu. Yard / 4X Per Week	$335.32 / Month
8 Cu. Yard / 5X Per Week	$403.52 / Month
Casters / Locks	$11.24 / Month
Deoderize 1X Only	$1.60 / Month
Deoderize 1X Per Week	$4.48 / Month
Deoderize 2X Per Week	$8.99 / Month
Deoderize 3X Per Week	$13.47 / Month
Deoderize 4X Per Week	$17.98 / Month
Deoderize 5X Per Week	$22.46 / Month

Frontload Commercial Containers (Recyclable Materials):

2 Cu. Yard / 1X Per Week	$37.23 / Month
2 Cu. Yard / 2X Per Week	$74.46 / Month
3 Cu. Yard / 1X Per Week	$42.55 / Month
3 Cu. Yard / 2X Per Week	$85.10 / Month
4 Cu. Yard / 1X Per Week	$47.84 / Month
4 Cu. Yard / 2X Per Week	$95.68 / Month
6 Cu. Yard / 1X Per Week	$58.51 / Month
6 Cu. Yard / 2X Per Week	$117.02 / Month
8 Cu. Yard / 1X Per Week	$69.15 / Month
8 Cu. Yard / 2X Per Week	$138.30 / Month
Casters / Locks	$11.24 / Month

96 Gallon Totter (Recyclable Materials):

1X Per Week	$11.70 / Month

Emergency Management Plan Services

For any work that must be subcontracted by the Contractor, the Contractor shall serve as a pass through and the City shall pay the Contractor the subcontractor's invoiced amount.

	Misc. / Delivery / Hauling Fee	Disposal Fee
Grapple Truck (Separated Material)		
Construction Debris	$111.70 / Hour	$25.74 / Ton
Residential Unit Solid Waste	$111.70 / Hour	$40.96 / Ton
Brush	$111.70 / Hour	$21.28 / Ton

Section Two. ***Authorization***. The City Council of the City of Helotes, Texas authorizes the City Administrator to take all necessary steps to implement the provisions of this Ordinance.

Section Three. ***Findings***. The City Council finds all of the above recitals to be true and correct and incorporates the same in this Ordinance as findings of fact.

Section Four. ***Severability***. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional or illegal, such decision shall not affect the validity of the remaining sections of this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each section, subsection, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared void.

Section Five. ***Repealer***. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section Six. ***Effective Date***. This Ordinance shall be effective immediately upon the approval of the City Council.

PASSED and APPROVED this 28th day of June 2012.

Thomas A. Schoolcraft, Mayor

ATTEST:

Grace Tamez, City Secretary

CITY OF HELOTES • COUNTY OF BEXAR • INCORPORATED 1951

EXHIBIT E

NOTICE PUBLISHED IN THE ECHO ON JULY 30, 2014

of: CB 5744 BLK 3 LOT 6, 7, 22 has requested variance approval for a building permit to restore and preserve an original stone structure pool house and make it functional. The Public Hearing will be held to consider variance approval as the request for a building permit does not meet the following requirements of Zoning Ordinance No. 45B:
Section 5 (D) (2) (b) Area and Setback Regulations where there's a side yard there shall be a minimum of ten (10) feet from the side property line to the building(s) foundation edge.

The property owner located at 19502 Grey Forest Drive, Grey Forest, Texas 78023 with a Legal Description of: CB 5744 BLK 1 LOT 20 has requested variance approval for a building permit to build a deck with covered roof and room addition. The Public Hearing will be held to consider variance approval as the request for a building permit does not meet the following requirements of Zoning Ordinance No. 45B:
Section 5 (D) (3) Area and Setback Regulations where there's a rear yard there shall be a minimum of twenty (20) feet from the rear property line to the building(s) foundation edge.
Section 5(A) Density of Use that requires ¾ acre for any addition, alteration, enlarging or building of any new accessory building.

City of Leon Valley
Public Notice

The City Council of the City of Leon Valley, TX will hold a Public Hearing, first reading, at a public meeting at 7:00 p.m., Monday, August 11, 2014, at Leon Valley City Hall, 6400 El Verde Road, Leon Valley, TX 78238 to receive public comment and to consider action on a resolution to approve the proposed expenditure of Leon Valley Economic Development Corporation (LVEDC) funds in a grant amount of $200,000 to Bandera Road Holding LLC.

A second public hearing will be held on Monday, August 18, 2014, at 6:00 p.m. at the same location.

Notice of Public Hearing

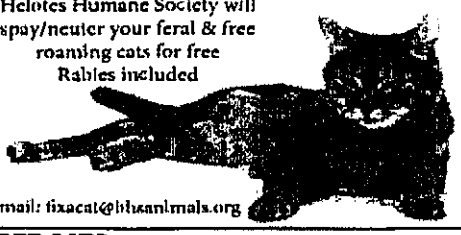
The City of Helotes Economic Development Corporation (EDC) will hold Public Hearings on August 20, 2014 at 1:00 p.m. and September 17,2014 at 1:00 p.m. at City Hall, 12951 Bandera Rd., Helotes, Texas 78023 to five all interested persons the right to appear and be heard on the adoption of operating and capital budgets for the Fiscal Year Ending (FYE) 2015. The City Council will hold Public Hearings on the same subject matter at the same location at 7:00 p.m. on Aug. 28 and Sept. 11, 2014. The proposed EDC FYE 2015 budgets include economic development "Projects," as defind by Art. 5190.6 Development Corporation Act of 1979, Secs. 2 and 4(B) of Vernon's Texas Civil Statutes. The proposed budgets are posted on the front page of the EDC website, www.helotesedc.com, and on the City's public notice board.

EDC FYE 2015 "Projects" include:

- Audit Fees
- Legal Fees
- Marketing
- Website Maint.
- Management Services Agreement w/ City of Helotes
- Personnel Salary & Benefits (including Fringe)
- Memberships, Dues, and Licenses
- Schools, Seminars, and Conferences
- Business Retentions and Expansion - Workshops & Promotion
- Business Improvement Grant for Small Businesses
- Operating Costs
- Series 2007 Certificate of Obligation Principal and Interest Reimbursement
- SH16 Water and Sewer Line Extension Project
- Helotes Creek Natural Area Transportation Enhancement Project
- Chapter 380 Agreement Reimbursements
- Incidental Take Permit Expenditures - 15030 E. Bandera Rd.
- Conceptual Design / Land Use Plans

Live in Zip Code: 78023!

Helotes Humane Society will spay/neuter your feral & free roaming cats for free
Rabies included



email: fixacat@bluanimals.org

FREE CATS to good home various ages and colors all spayed / neutered a few are timid but can be great ranch cats. All others are friendly. Good indoors / outdoors. call 210.316.8810

FARM & RANCH 200

LEASES 210

Pasture Lease Wanted Family cow/calf operation. Seeking pasture lease near Helotes. Will keep fences, perform repairs. Please call 210-695-3613. **TFN**

GARAGE/ESTATE SALE 300

AUCTIONS 310

CATTLE 230

For sale longhorn calves. Great bloodlines, gentle, great color. Excellent size and early horn growth. Call 979 575 9998 or email rockinalonghorns@gmail.com **TFN**

For sale yearling and coming 2 year old longhorn heifers. Registered - great pedigrees. Coming 2 year old bred. Contact 979 575 9998 or rockinalonghorns@gmail.com **TFN**

FOR SALE 400

Custom framed impressionistic prints: Seely (French) $25 and Winslow (USA) $8. 210-479-8566 **TFN**

TRUCK TOPPER "LEER" 68 in. x 100 in. x 30 in. white sliding and lift windows $450 or best offer *cash* call Richard 210.739.2286 Helotes, TX

Ace Trading Post—cut to order CPS utility poles 210-648-0210 *1/29*

FURNITURE 420

Furniture for Sale Excellent Condition - Furniture Dillards, Haverty, & Stowers call **210-274-8143**

MISCELLANEOUS 490

EMPLOYMENT 500

Hair stylist needed Rent a station $100 a week **210-542-8372**

Owner-Operators. Containers. Dedicated freight! Houston-San Antonio Need 2 yr. trc/tlr exp. Apply:atlantictrucking.com or call Mitch: 281-888-9369

Drivers: CDL (A or B) Local Recruiting Fair 8am to 6pm Mon. Aug. 4th - Wed. Aug. 6th Best Western 3635 Crooked Trail San Antonio, TX 78227 Call Jason for appointment 1-855-205-6702

Plumbers & Plumber Helpers Needed for Commercial Construction Projects. For More Information Call 210-684-2242 or Apply at 7042 Snowflake

Drivers/Owner Ops! Local work! Home Daily, 8benefits! CDL-A, 1yr. Exp, Great Driving Record. Sunsetlogistics.com 210-218-8912 or 888-215-4285

tain the hotel and guest rooms to Wyndham Standards. Must be able to work weekends, medical, dental and vision is available after 90 days for full time employees. Apply in person at the Wyndham Garden Hotel located at 6809 North Loop 1604 West. Applications are accepted Monday-Friday 9am to 4pm.

DELIVERY DRIVER NEEDED! Looking for part time help to deliver weekly newspaper. Route will include most of Helotes. Compensation includes mileage. Reliable transportation, valid driver's license, and valid insurance required. **Call 210-695-3613 TFN**

Delivery Drivers: CDL-A. Top Earners: $65k/yr. Safety/Perform Bonus. Full Family Benefits. 401k. Food Srvce/Bevrg Exp A+. 877-704-3017 **TFN**

Drivers: Drivers-Competitive Pay! Local-Home Often. Vacations/Benefits. CDL-A, 2yrs & 200K+ mi exp. Walk Ins Welcome Hodges Trucking 855-CHK-HAUL **TFN**

INSIDE SALES REP NEEDED for growing newspaper. Full time. Responsibilities include expansion of classified ads, all incoming sales calls, and other duties as needed. Experience a plus, but not necessary. Base rate plus commission. Start immediately. 210-695-3613 *TFN*

Drivers: CDL-B: Great Pay, Hometime! No-Forced Dispatch! New Singles from San Antonio to surrounding states. Apply: TruckMovers.com or: 1-866-224-8948

AUTOS 700

LOOK!

2001 Chevrolet C1500 Reg. Cab V6, Auto! Extra Clean! $6489! Call 210-680-9955 for more info. **TFN**

99 Ford F150 Xcab, Auto, 103k miles! xtra clean! $6749! call 210-680-9955 for more info. **TFN**

CARS 710

03 Chevrolet Tracker, Auto, 4dr, A/C! $5995 call 210-680-9955 for more info. **TFN**

RV/BOAT/TRAILERS 800

RV 810

NEW USED & PRE-OWNED REPOS Several Travel Trailers & 5th wheels. Call today! 866-813-2770 **TFN**

FOOD SERVICE 550

Now Hiring. Breakfast & Day Shifts starting at $9.00 an hour. Apply at Bill Miller Helotes. **TFN**

MISCELLANEOUS 900

BUSINESS OPP. 950

Love Candles? Work From Home Distributors Needed, Work with quality products. No Home Parties. No Quotas. www.ImagineDreamLive.com Complete the form and I'll be in touch soon

Guaranteed Income For Your Retirement Avoid Market risk & get guaranteed income retirement! Call for FREE copy of our SAFE MONEY GUIDE Plus Annuity Quotes from A-Rated Companies! 800-861-8062

Cut your STUDENT LOAN payments in HALF or more even if late or in Default. Get Relief FAST Much Lower Payments. Call Student Hotline 888-478-5381

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned Mayor and City Secretary, respectively, of the **CITY OF HELOTES, TEXAS** (the "***City***"), hereby certify as follows:

(a) This certificate is executed and delivered with reference to the **$4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015**, dated August 1, 2015, authorized by an ordinance passed by the City Council of the City on July 23, 2015 (the "***Certificates***").

(b) Each of us signed the Certificates by manually executing or causing facsimiles of our manual signatures to be printed or lithographed on each of the Certificates, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Certificates.

(c) The Certificates are substantially in the form, and each of them has been duly executed and signed in the manner, prescribed in the ordinance authorizing the issuance thereof.

(d) At the time we so executed and signed the Certificates we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending or, to our knowledge, threatened, to restrain or enjoin the issuance or delivery of any of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificates, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the City is being contested; no litigation has been filed or is now pending or, to our knowledge, threatened, which would affect the authority of the officers of the City to issue, execute, sign, and deliver any of the Certificates; and no authority or proceedings for the issuance of any of the Certificates have been repealed, revoked, or rescinded.

(g) We have caused the official seal of the City to be impressed, or printed, or lithographed on each of the Certificates; and said seal on each of the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the City.

EXECUTED and delivered this AUG 20 2015.

MANUAL SIGNATURES	OFFICIAL TITLES
	Thomas A. Schoolcraft, Mayor
	Grace Tamez, City Secretary

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

Given under my hand and seal of office this 7/24/15.

Notary Public

Typed Name Ernest E. Cruz

(My Commission Expires 4/26/2019)

(Notary Seal)

NOTARY PUBLIC
STATE OF TEXAS
ERNEST E CRUZ
My Commission Expires
April 26, 2019

[SIGNATURE PAGE TO THE SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE]

July 23, 2015

The Attorney General of Texas
Public Finance Division
300 W. 15 Street, 7th Floor
Austin, Texas 78701

RE: $4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015

Ladies and Gentlemen:

It is requested that you examine the above issues of obligations and the proceedings authorizing their issuance.

We enclose herewith one signed but undated copy of the Signature Identification and No-Litigation Certificate. Upon approval of the obligations, you are authorized to insert the date of approval in said Signature Certificate. If any litigation should develop before you have approved the obligations, we will notify you at once both by telephone and telecopy. With this assurance you can rely upon the absence of any such litigation at the time you approve the obligations unless we advise you otherwise.

After you have examined the obligations, kindly deliver them to the Office of the Comptroller of Public Accounts of the State of Texas. The Comptroller has received instructions as to disposition of such obligations following their registration.

Sincerely yours,

CITY OF HELOTES, TEXAS

Mayor

cc: Comptroller of Public Accounts

July 23, 2015

Texas State Comptroller of Public Accounts
Cash and Securities Management Division
Thomas Jefferson Rusk Building
208 East 10th Street, 4th Floor, Room 448
Austin, Texas 78701-2407
Attn: Melissa Mora

RE: $4,315,000 CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015

Ladies and Gentlemen:

The Attorney General will deliver to you the above-described issues of obligations. At such time as you have registered such obligations, this will be your authority to deliver them to an authorized representative of McCall, Parkhurst & Horton L.L.P. who will deliver said obligations to the Paying Agent/Registrar named in the obligations for delivery to the purchasers thereof.

At the time you have registered the obligations, please deliver three copies of the Attorney General's opinion and the Comptroller's Signature Certificate covering said issue of obligations to a representative of McCall, Parkhurst & Horton L.L.P., or send such documents by overnight courier to Noel Valdez, McCall, Parkhurst & Horton L.L.P., 700 N. St. Mary's, Suite 1525, San Antonio, Texas 78205.

Sincerely yours,

CITY OF HELOTES, TEXAS

Mayor

cc: Attorney General of Texas

FirstSouthwest

FINAL

Dated August 18, 2015

CLOSING MEMORANDUM

$4,315,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015

Date of Closing:	Thursday, August 20, 2015
Time of Closing:	10:00 A.M., C.S.T.
Location of Closing:	BOKF, NA 100 Congress Avenue, Ste. 250 Austin, Texas 78701 Attention: Jose A. Gaytan Jr. Phone: (512) 813-2002 Fax: (972) 581-8925 Email: jgaytan@bokf.com

1) Prior to 10:00 A.M. C.T. on Thursday, August 20, 2015, Raymond James & Associates, Inc., (the "Purchaser") will remit, for the City of Helotes, Texas (the "City") $4,315,000.00 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015 (the "Certificates"), via Federal Reserve wire the amount of **$4,434,827.90** to BOKF, NA, (the "Paying Agent/Registrar"), in payment for the purchase of the Certificates, pursuant to the wiring instructions below.

Par Amount of the Certificates	$4,315,000.00
Plus: Premium	147,105.65
Plus: Accrued Interest	7,472.67
Less: Purchaser's Discount	(34,750.42)
Total	**$4,434,827.90**

Wire Instructions for the Paying Agent/Registrar are as follows:

BOKF, NA
ABA #103900036
Account Number: A/C #600024642
Account Name: Wealth Management
RE: City of Helotes, TX Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2015
Attn: Mr. Jose A. Gaytan (512) 813-2002

2) Upon receipt of the funds, the Paying Agent/Registrar will perform the following:

A) Transfer via wire transfer to Comerica Bank, ("Comerica"), the City's Depository Bank, the amount of $4,367,883.00, which represents the deposit to the Construction Fund, pursuant to the following wiring instructions:

Bank Name: Comerica Bank
ABA: 111000753
Account No.: 1882159906
Account Name: GO Bonds

B) Transfer via wire transfer to First Southwest Company, the Financial Advisor, pursuant to the following wiring instructions, the amount of $59,122.23 for payment of costs of issuance:

The Bank of New York Mellon
1 Wall Street
New York, NY 10012
ABA# 021000018
Beneficiary: First Southwest Company
A/C# 890 0271 779
For further credit to: City of Helotes, Texas Certificates of Obligation, Series 2015 (Account # 7507-001)

C) Transfer via wire transfer to the City the amount of $7,472.67, which represents the Accrued Interest, for deposit into the Debt Service Fund, pursuant to the following wiring instructions:

Bank Name: Comerica Bank
ABA: 111000753
Account No.: 1882159906
Account Name: GO Bonds

D) Retain $350.00 for prepaid Paying Agent/Registrar fees.

Reconciliation:

Sources

Amount Received from the Purchaser	$4,434,827.90
Total	$4,434,827.90

Uses

Construction Fund	$4,367,883.00
Costs of Issuance	59,122.23
Accrued Interest	7,472.67
Paying Agent/Registrar Fees	350.00
Total	$ 4,434,827.90

Upon receipt of funds into the account of the City, the City shall return the Good Faith Check via overnight delivery to the Purchaser. The cooperation of those on the attached distribution list regarding the receipt and disbursement of funds in accordance with the above instructions on behalf of the City is greatly appreciated. If there are any questions regarding the above information, please do not hesitate to contact Anne Burger Entrekin at (210) 308-2200 or Jorge Delgado at (214) 953-4019.

RECEIPT FOR PROCEEDS

The undersigned hereby certifies as follows:

(a) This certificate is executed and delivered with reference to the **CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015** (the "***Certificates***"), dated August 1, 2015 (the "***Dated Date***"), in the aggregate principal amount of ***$4,315,000,*** authorized by an ordinance passed by the City Council of the **CITY OF HELOTES, TEXAS** (the "***City***") on July 23, 2015.

(b) The undersigned is the duly chosen, qualified, and acting City Administrator of the City.

(c) The Certificates have been duly delivered to the initial purchasers thereof, namely

Raymond James & Associates, Inc.
(as representative of the initial purchasers)

(d) The Certificates have been paid for in full by said purchaser concurrently with the delivery of this Receipt, and the City has received, and hereby acknowledges receipt of, the agreed purchase price for the Certificates, being of ***$4,427,355.23 (which amount is equal to par plus an original issue premium of $147,105.65 and less underwriter's discount of $34,750.42) plus accrued interest on the Certificates from the Dated Date to the date of their delivery to the initial purchasers***.

EXECUTED and delivered this AUG 20 2015.

CITY OF HELOTES, TEXAS

City Administrator

500 North Akard Street
Lincoln Plaza, Suite 3200
Dallas, TX 75201
tel (214) 871-1400
reference no.: 1402005

July 16, 2015

City of Helotes
12951 Bandera Road
P.O. Box 507
Helotes, TX 78023
Attention: Mr. Rick Schroder, City Administrator

Re: ***US$4,290,000 City of Helotes, Texas, Combined Tax And Limited Pledge Revenue Certificates Of Obligation, Series 2015, dated: August 01, 2015, due: February 01, 2035***

Dear Mr. Schroder:

Pursuant to your request for a Standard & Poor's Ratings Services ("Ratings Services") rating on the above-referenced obligations, Ratings Services has assigned a rating of "AA". Standard & Poor's views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes Ratings Services' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements) will become effective only after we have released the rating on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable.

To maintain the rating, Standard & Poor's must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that Ratings Services relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@standardandpoors.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

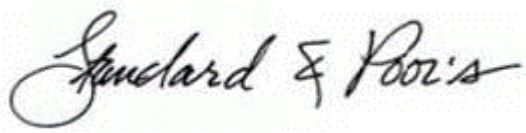
Please send hard copies to:
Standard & Poor's Ratings Services
Public Finance Department

55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

Ratings Services is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing Ratings Services.

Sincerely yours,



Standard & Poor's Ratings Services

am
enclosures
cc: Ms. Ginger Mann, Financial Advisor
First Southwest Company

Standard & Poor's Ratings Services
Terms and Conditions Applicable To Public Finance Credit Ratings

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KEN PAXTON
ATTORNEY GENERAL OF TEXAS

August 19, 2015

THIS IS TO CERTIFY that the City of Helotes, Texas (the "Issuer"), has submitted the City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2015 (the "Certificate") in the principal amount of $4,315,000 for approval. The Certificate is dated August 1, 2015, numbered T-1, and was authorized by Ordinance No. 2015-572 of the Issuer passed on July 23, 2015 (the "Ordinance").

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

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

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

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Ordinance):

(1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.

(2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, against all taxable property within the Issuer and is additionally secured by a lien on and limited pledge of Surplus Revenues of the Issuer's Solid Waste Management System, all as provided in the Ordinance.

Therefore, the Certificate is approved.

Ken Paxton
Attorney General of the State of Texas

No. 59325
Book No. 2015-C
MA

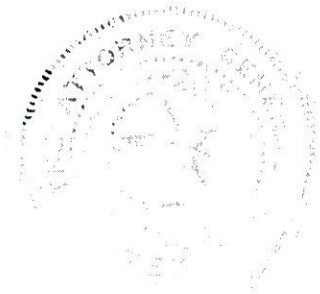
*See attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL §
§
OF THE STATE OF TEXAS §

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

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

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



Ken Paxton

KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 19th day of August 2015, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2015,

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

Glenn Hegar

IN WITNESS WHEREOF I have executed this certificate this the 19th day of August 2015.

Melissa Mora

I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 85698.

GIVEN under my hand and seal of office at Austin, Texas, this the 19th day of August 2015.

Glenn Hegar

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

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

City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2015

numbered T-1, of the denomination of $ 4,315,000, dated August 1, 2015, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 19th day of August 2015, under Registration Number 85698.

Given under my hand and seal of office, at Austin, Texas, the 19th day of August 2015.

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

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McCALL, PARKHURST & HORTON L.L.P.

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FACSIMILE: 512 472-0871

August 20, 2015

CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015
DATED AS OF AUGUST 1, 2015
IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,315,000

AS BOND COUNSEL FOR THE CITY OF HELOTES, TEXAS (the "***City***") in connection with the issuance of the certificates of obligation described above (the "***Certificates***"), we have examined into the legality and validity of the Certificates, which bear interest from the dates specified in the text of the Certificates until maturity or prior redemption at the rates and payable on the dates as stated in the text of the Certificates, and which are subject to redemption, all in accordance with the terms and conditions stated in the text of the Certificates.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas and a transcript of certified proceedings of the City, and other pertinent instruments authorizing and relating to the issuance of the Certificates including (i) the ordinance authorizing the issuance of the Certificates (the "***Ordinance***"), (ii) one of the executed Certificates (Certificate No. T-1), and (iii) the City's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Certificates have been authorized, issued and delivered in accordance with law; that the Certificates constitute valid and legally binding general obligations of the City in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion; that the City has the legal authority to issue the Certificates and to repay the Certificates; that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment, within the limits prescribed by law; and that "***Surplus Revenues***" (as such term is defined and described in the Ordinance) received by the City from the ownership and operation of the City's Solid Waste Management System have been pledged to further secure the payment of the Certificates in the manner set forth in the Ordinance.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Certificates is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Certificates are not "specified private activity bonds" and that, accordingly, interest on the Certificates will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Certificates and the use of the property financed or refinanced therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the City to comply with such covenants, interest on the Certificates may become includable in gross income retroactively to the date of issuance of the Certificates.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Certificates. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Certificates, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Certificates, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Certificates is as Bond Counsel for the City, and, in that capacity, we have been engaged by the City for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Certificates for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City, or the disclosure thereof in connection with the sale of the Certificates, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Certificates and we have relied solely on certificates executed by officials of the City as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the City. Our role in connection with the City's Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

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

Respectfully,