



3301 CARMEN AVE, 78575
Phone 956-350-4093
Fax 956-350-4156

BOARD OF ALDERMEN

REGULAR MEETING

September 11, 2012



3301 CARMEN AVE, 78575

Phone **956-350-4093**

Fax **956-350-4156**

NOTICE OF A PUBLIC MEETING
TOWN OF RANCHO VIEJO
BOARD OF ALDERMEN
REGULAR MEETING

SEPTEMBER 11, 2012
6:00 P.M.

NOTICE is hereby given of a REGULAR MEETING of the BOARD OF ALDERMEN of the TOWN OF RANCHO VIEJO, TEXAS, to be held on SEPTEMBER 11, 2012 at 6:00 P.M., in the TOWN MUNICIPAL OFFICE, 3301 CARMEN AVENUE, RANCHO VIEJO, TEXAS to consider the following items:

1. Call to Order
2. Roll Call
3. Invocation and Pledge
4. Public Comment
5. Approval of Minutes -
Regular Meeting August 14, 2012
6. Consideration/Adoption of Budget Ordinance for Fiscal Year October 1, 2012 to September 30, 2013
7. Consideration/Ratification of the Property Tax (Revenue) Increase Reflected in the Budget for Fiscal Year October 1, 2012 to September 30, 2013
8. Consideration/Adoption of Ordinance to Establish Ad Valorem Tax Rate to Provide for Budget Expenses for Fiscal Year 2012-2013

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SEPTEMBER 11, 2012

6:00 P.M

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9. Consideration/Action of Budget Amendment for 2011/2012
10. Consideration/Appointment of Members to the Health and Safety Committee
11. Consider and Approve an Ordinance Authorizing the Issuance, Sale and Delivery of Town of Rancho Viejo, Texas General Obligation Refunding Bonds, Series 2012; Levying a Continuing Direct Annual Ad Valorem Tax; Authorizing the funding of Certain Outstanding Obligations; Authorizing the Execution of a Bond Purchase Agreement; and Making Other Provisions Regarding Such Bonds and Matters Incident Thereto
12. Public Comment
13. Adjourn


Cheryl J. Kretz
Town Administrator

#1 Call to Order

by Mayor Medrano

#2 Roll Call

by Isabel Perales

Alderwoman Carr

Alderwoman Hager

Alderwoman Guerrero

Alderwoman Rathbun

Alderwoman Truan

Legal Counsel, Daniel Rentfro, Jr.

Town Administrator, Cheryl J. Kretz.

#3 Invocation and Pledge

The pledge of allegiance to the United States Flag:

“I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.”

And the pledge of allegiance to the Texas State Flag is,

“Honor the Texas Flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.”

#4 Public Comment

#5 Approval of Minutes – Regular Meeting August 14, 2012

MINUTES OF A REGULAR MEETING
TOWN OF RANCHO VIEJO
AUGUST 14, 2012

A Regular Meeting of the Board of Aldermen of the Town of Rancho Viejo, Texas was held on August 14, 2012, at the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas, the same being open to the public. The meeting was called to order by Mayor Roberto Medrano at 6:00 P.M. Roll call was made by Isabel Perales, Assistant Town Secretary. Members present at the meeting were:

Mrs. Lupita Carr
Mrs. Maribel Guerrero
Mrs. Jean Hager
Mrs. Cyndie Rathbun
Mrs. Bitty Truan

A quorum was present at the meeting.

Mr. Daniel Rentfro, Jr., legal counsel, was present. Town Administrator Cheryl J. Kretz was also present at the meeting.

Those present in the audience were:

Gladys Cummins	Luke Fruia
Odilie Bartlett	Mack Sterling
Bill Stevenson	Elvie Champion
John G. Champion	Chief M. Cruz, Jr.
Glenn Carr	Kelly Cuff
Xavier Montemayor	Hilda Velasco
Luis Velasco	Lourdes G. Medrano
Dick Lindeman	Marilyn Lindeman

INVOCATION AND PLEDGE:

Alderwoman Carr led the group in the invocation and pledge of allegiance to the American and Texas flags.

PUBLIC COMMENT:

Ms. Odilie Bartlett inquired about an ordinance against cutting down trees. Mrs. Hilda Velasco asked about street lighting and concrete curbing. Mr. Luke Fruia made comments about the budget. Mr. Bill Stevenson and Alderwoman Carr commented on the marquis sign.

APPROVAL OF MINUTES:

Alderwoman Carr noted that the Minutes for the Special Meeting held on July 10, 2012 at 5:00 P.M. be corrected for the time of adjournment to be 5:25 P.M.

Motion was made by Alderwoman Guerrero, seconded by Alderwoman Carr, and unanimously carried, that the Minutes of the Special Meeting held on July 10, 2012 at 5:00 P.M. be approved with the above correction and that the Minutes of the Regular Meeting held on July 10, 2012 at 6:00 P.M. be approved as written.

CONSIDERATION OF BIDS AND AWARD OF CONTRACT FOR COMMON AREA MAINTENANCE:

Motion was made by Alderwoman Hager, seconded by Alderwoman Truan, and unanimously carried, to award the contract for Common Area Maintenance to Complete Landscape Management in the amount of \$37,920.00 per year for two years.

CONSIDERATION/APPROVAL OF FIRE PROTECTION CONTRACT WITH THE CITY OF BROWNSVILLE:

Motion was made by Alderwoman Guerrero, seconded by Alderwoman Hager, and unanimously carried, to approve the Fire Protection Contract with the City of Brownsville in the amount of \$29,500.00 per year for the next three years.

RATIFY SALARY OF REGULAR POLICE OFFICER RETROACTIVE TO JULY 11, 2012:

Motion was made by Alderwoman Carr, seconded by Alderwoman Rathbun, and unanimously carried, to ratify the corrected salary for Jose Castro to \$29,600.00 retroactive to July 11, 2012.

PRESENT/DISCUSS PROPOSED BUDGET FOR FISCAL YEAR OCTOBER 1, 2012 TO SEPTEMBER 30, 2013:

Mayor Medrano reviewed various aspects of the preliminary budget for the fiscal year October 1, 2012 to September 30, 2013. A Workshop for the Board of Alderwomen was scheduled for August 22, 2012 at 10:00 A.M. at the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas.

PROVIDE FOR PUBLIC NOTICE OF DATE, TIME AND LOCATION OF PUBLIC HEARING ON PROPOSED BUDGET FOR FISCAL YEAR OCTOBER 1, 2012 TO SEPTEMBER 30, 2013:

Motion was made by Alderwoman Carr, seconded by Alderwoman Hager, and unanimously carried, to schedule a Public Hearing on the Proposed Budget for the Fiscal Year October 1, 2012 to September 30, 2013 on August 23, 2012 at 6:00 P.M., at the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas.

DISCUSS PROPOSED AD VALOREM TAX RATE AND CONSIDERATION/ACTION ON PROPOSAL FOR TAX RATE INCREASE:

Motion was made by Alderwoman Guerrero, seconded by Alderwoman Hager, and unanimously carried, that it is the intent of the Board of Aldermen to increase the total tax rate with a proposed ad valorem tax rate for 2012 not to exceed \$0.418717.

PROVIDE FOR PUBLIC NOTICE OF DATE, TIME AND LOCATION OF PUBLIC HEARINGS FOR TAX RATE INCREASE:

Motion was made by Alderwoman Carr, seconded by Alderwoman Hager, and unanimously carried, to schedule the first Public Hearing on the ad valorem tax rate increase for August 23, 2012 at 6:00 P.M., and the second public hearing be scheduled for August 30, 2012 at 6:00 P.M. at the Town Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas.

PUBLIC COMMENT:

Mr. Luke Fruia commented on the budget. Alderwoman Guerrero reminded everyone about the Rabies Clinic scheduled for August 21, 2012 from 5:00 P.M. to 6:00 P.M. She also announced that the Rancho Viejo Moms would be sponsoring healthy kids' activities on August 25, 2012 and the Historic Brownsville Museum would be hosting a Beer Tasting at the Casa Grande on September 8, 2012.

ADJOURNMENT:

Motion was made by Alderwoman Carr, seconded by Alderwoman Truan, and unanimously carried, to adjourn the meeting at 7:03 P.M.

August 14, 2012

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BY: _____
Cheryl J. Kretz, Town Secretary

APPROVED: _____
Roberto Medrano, Mayor

DATE: _____

#6 Consideration/Adoption of Budget Ordinance for Fiscal Year October 1, 2012 to September 30, 2013

ORDINANCE NO.

AN ORDINANCE OF THE BOARD OF ALDERMEN APPROVING
AND ADOPTING THE BUDGET FOR THE TOWN OF RANCHO
VIEJO, TEXAS, AS PREPARED BY THE MAYOR FOR THE
FISCAL YEAR 2012-2013

WHEREAS, the law requires the Mayor to submit a proposed
financial budget for the ensuing fiscal year, and;

WHEREAS, the Mayor has timely filed a proposed financial
budget for the fiscal year ending September 30, 2013, with the
Town Secretary on August 7, 2012, which is 30 days in advance of
adopting the tax rate for the tax year 2012.

WHEREAS, notice of a Public Hearing on the proposed
financial budget for the fiscal year ending September 30, 2013,
was published in the San Benito News on August 12, 2012.

WHEREAS, on August 23, 2012 the Board of Alderman held the
Public Hearing on the proposed financial budget for the fiscal
year ending September 30, 2013, at 6:00 P.M., at the Town
Municipal Office, 3301 Carmen Avenue, Rancho Viejo, Texas.

WHEREAS, such proposed and estimated Budget, after due
hearing and consideration, should be adopted:

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF ALDERMEN OF
THE TOWN OF RANCHO VIEJO, TEXAS:

That the Budget as prepared and submitted by the Mayor for
various departments of the Town of Rancho Viejo for the fiscal
year beginning October 1, 2012 and ending September 30, 2013, be
and the same is hereby in all respects approved and adopted, and
a true and correct copy of said budget being attached to this
ordinance.

This ordinance shall become effective upon passage.

PASSED, ADOPTED, AND APPROVED this the 11th day of
September, 2012.

Roberto Medrano, Mayor

ATTEST:

Cheryl J. Kretz, Town Secretary

This budget will raise more total property taxes than last year's budget by \$67,184 or 7.937758%, and of that amount \$15,170 is tax revenue to be raised from new property added to the roll this year.

PROPOSED
TOWN OF RANCHO VIEJO
BUDGET
2012- 2013

	ACTUAL 12-MONTHS 9/30/2011	APPROVED(2) BUDGET 2011/2012	ACTUAL 9-MONTHS END 6/30/12	PROPOSED BUDGET 2012/2013	
REVENUES:					
1 1810.2003 Ad Val. Tax 2003	104.27	100.00	181.56	100.00	
2 1810.2004 Ad Val. Tax 2004	344.11	100.00	169.51	100.00	
3 1810.2005 Ad Val. Tax 2005	962.94	300.00	167.59	100.00	
4 1810.2006 Ad Val. Tax 2006	1,970.74	800.00	204.08	100.00	
5 1810.2007 Ad Val. Tax 2007	3,187.30	1,500.00	609.75	200.00	
6 1810.2008 Ad Val. Tax 2008	8,039.49	3,000.00	6,823.25	600.00	
7 1810.2009 Ad Val. Tax 2009	18,860.40	8,000.00	10,054.22	6,500.00	
8 1810.2010 Ad Val. Tax 2010	748,262.43	16,000.00	15,205.13	10,000.00	
9 1810.2011 Ad Val. Tax 2011	0.00	813,492.00 (1)	815,025.83	16,000.00	
10 1810.2012 Ad Val. Tax 2012				886,162.00	(3)
11 1820.0000 Adm. Cost Recovered	16,770.08	7,000.00	20,882.58	7,000.00	
12 1830.0000 Alcohol Beverage Tax	2,040.55	2,000.00	1,158.18	3,200.00	
13 1840.0000 Building Permits	28,873.24	25,000.00	23,995.60	26,000.00	
14 1850.0000 Citations & Fines	96,499.03	110,000.00	59,288.72	110,000.00	
15 1851.0000 MC Tech Fund	2,355.06	3,500.00	1,354.04	3,500.00	
16 1870.0000 Franchise - Electrical	65,599.30	64,000.00	45,127.93	64,000.00	
17 1880.0000 Franchise - Telephone	7,627.47	8,000.00	5,539.46	8,000.00	
18 1890.0000 Franchise - Cable TV	37,252.33	35,000.00	28,138.03	35,000.00	
19 1900.0000 Franchise - Gas	756.01	800.00	318.69	700.00	
20 1905.0000 Franchise - Solid Waste	1,000.00	1,000.00	1,000.00	1,000.00	
21 1910.0000 Interest from Investments	2,253.47	1,200.00	531.47	700.00	
22 1920.0000 P&I on Taxes	21,267.52	18,000.00	19,149.85	19,000.00	
23 1930.0000 Sales Tax	51,636.88	46,500.00	40,887.73	50,000.00	
24 1963.0000 Police Fund Income	150.00	150.00	150.00	150.00	
25 1964.0000 Paving Assessments	0.00	1,000.00	2,517.25	1,000.00	
26 2090.0000 Discount on Taxes	(16,137.29)	(16,000.00)	(17,746.10)	(17,500.00)	
27 2090.5000 State Costs & Fees	(38,629.38)	(39,000.00)	(22,986.50)	(33,000.00)	
28 1921.0000 Lien Revenue	4,110.03	3,500.00	8,808.31	6,000.00	
29 1922.0000 Section 11	0.00	7,000.00	0.00	0.00	
30 1923.0000 SECO Grant	0.00	23,030.00	0.00	0.00	
31 9000.0011 Loan	60,000.00	0.00	0.00	0.00	
32					
33 Total Revenues	\$1,125,155.98	\$1,144,972.00	1,066,556.16	\$1,204,612.00	
34					
35 (1) BASED ON TAX RATE OF	\$.364917 for M&O Tax Rate				
36	\$.027017 Debt Service Tax Rate				
37 for a TOTAL TAX RATE of	\$.391934 per \$100.00 Taxable Value and 96% Collections				
38 RANCHO VIEJO'S TAXABLE VALUE FOR 2011/12 WAS	\$216,206,749				
39					
40 (2) AS APPROVED AT 9/13/11 MEETING					
41					
42 (3) BASED ON TAX RATE OF	\$.387538 for M&O Tax Rate				
43	\$.026471 Debt Service Tax Rate				
44 for a TOTAL TAX RATE of	\$.414009 per \$100.00 Taxable Value and 97% Collections				
45 RANCHO VIEJO'S TAXABLE VALUE FOR 2012/2013 IS	\$220,664,197				

46	EXPENSES:	ACTUAL	APPROVED(2)	ACTUAL	PROPOSED
47		12-MONTHS	BUDGET	9-MONTHS	BUDGET
48		9/30/2011	2011/2012	END 6/30/12	2012/2013
49	Administration:				
50	2100.0000 Travel	0.00	1,500.00	795.88	1,500.00
51	2110.0000 Seminar & Education	395.00	625.00	0.00	625.00
52	2150.0000 Payroll - Admin.	112,754.85	113,005.00	85,710.92	114,625.00
53	2160.0000 Retirement - Admin.	13,277.20	11,200.00	8,662.19	11,409.00
54	2161.0000 S.S./Medicare	11,953.80	7,420.00	5,206.07	7,373.00
55	2170.0000 Insurance Medical	8,424.48	8,703.00	6,527.16	9,650.00
56	2180.0000 Insurance Life	135.12	240.00	101.34	140.00
57	2190.0000 Ins. Workman's Comp	200.00	200.00	200.00	200.00
58	2200.0000 Contract Labor	8,272.00	10,000.00	2,616.00	9,000.00
59					
60	Total Administration:	\$155,412.45	\$152,893.00	\$109,819.56	\$154,522.00
61					
62	General:				
63	3140.0000 Telephone	3,605.73	4,000.00	2,467.13	3,700.00
64	3150.0000 Electricity Office	9,937.87	9,000.00	5,201.12	8,000.00
65	3160.0000 Insurance Liability	19,081.05	20,385.00	20,570.94	22,700.00
66	3170.0000 Legal Notices	7,579.17	5,000.00	1,073.39	4,000.00
67	3190.0000 Printing	0.00	300.00	178.60	300.00
68	3200.0000 Office Supplies	3,240.10	5,000.00	2,755.82	5,000.00
69	3210.0000 Office Equipment	0.00	2,000.00	4,992.42	5,000.00
70	3220.0000 Postage	3,195.81	2,500.00	1,076.18	2,500.00
71	3230.0000 Dues & Publications	782.00	1,000.00	775.50	1,000.00
72	3240.0000 Appraisal & Tax Coll.	15,596.61	16,000.00	15,028.50	16,000.00
73	3250.0000 Water	820.91	900.00	575.19	900.00
74	3260.0000 Election Costs	3,953.49	4,100.00	3,962.87	4,000.00
75	3270.0000 Building Maintenance	6,977.96	9,000.00	4,776.39	9,000.00
76	3280.0000 Cameron Co. Court Costs	1,341.00	1,200.00	805.00	1,300.00
77	3300.0000 Public Relations	1,979.33	2,500.00	2,034.71	2,500.00
78	3320.0000 Office Equip. Maint.	9,478.00	11,000.00	9,675.69	11,500.00
79	3321.0000 Ordinance Codification	0.00	0.00	0.00	0.00
80	4220.0000 Municipal Court Supplies	159.40	200.00	0.00	200.00
81					
82	Total General:	\$87,728.43	\$94,085.00	\$75,949.45	\$97,600.00

83		ACTUAL	APPROVED(2)	ACTUAL	PROPOSED
84		12-MONTHS	BUDGET	9-MONTHS	BUDGET
85		9/30/2011	2011/2012	END 6/30/12	2012/2013
86	Police General:				
87	4140.0000 Clothing - Police	2,269.65	3,500.00	3,773.91	7,500.00
88	4150.0000 Payroll - Police	301,167.24	320,720.00	246,941.11	325,720.00
89	4160.0000 Police Ret & Empl. Tax	35,639.85	31,850.00	25,334.44	32,063.00
90	4161.0000 Medicare & S.S.	9,334.41	10,700.00	7,851.21	17,253.00
91	4170.0000 Ins. Medical	27,379.56	30,461.00	22,845.06	33,577.00
92	4171.0000 Ins. Medical Dependant	3,966.30	7,543.00	5,656.68	7,693.00
93	4180.0000 Ins. Life	414.11	550.00	354.69	475.00
94	4190.0000 Ins. Workman's Comp	7,146.73	7,915.00	7,935.21	9,100.00
95	4200.0000 Cleaning of Uniforms	2,478.20	3,780.00	1,452.25	3,780.00
96	4210.0000 Office Supplies	13,101.77	3,500.00	2,973.74	4,000.00
97	4210.5000 Printing	0.00	0.00	0.00	600.00
98	4230.0000 Travel - Police	543.53	600.00	350.00	600.00
99	4240.0000 Seminar & Education - PD	656.61	3,000.00	2,292.99	4,000.00
100	4250.0000 Auto Repairs	6,404.36	6,500.00	4,606.17	6,500.00
101	4260.0000 Auto Fuel	29,955.91	30,600.00	20,546.61	30,600.00
102	4300.0000 Radio Equip. Maint.	465.00	1,600.00	556.01	1,600.00
103	4310.0000 Police Contract Labor	25,806.00	20,000.00	12,639.00	70,000.00
104	4330.0000 Dispatch	3,906.76	3,980.00	2,668.23	5,200.00
105	4331.0000 Police Investigation	3,260.48	3,720.00	3,248.58	17,740.00
106	4333.0000 Drug Testing	162.00	450.00	0.00	450.00
107					
108	Total Police General:	\$474,058.47	\$490,969.00	\$372,025.89	\$578,451.00
109					
110	Police Capital:				
111	25131.0000 Automobile	19,848.40	22,000.00	42,047.00	0.00
112	25131.0001 Automobile Reserve	0.00	0.00	0.00	0.00
113	25131.0500 Automobile Equipment	5,885.52	4,000.00	5,812.17	1,000.00
114	25131.3000 Auto Equip. Reserve	0.00	0.00	0.00	0.00
115	4290.0000 Communication Equip.	0.00	0.00	0.00	0.00
116	4291.0000 Fire Prevention/1st Aid	226.27	300.00	70.00	2,915.00
117	4291.6220 Hurricane Preparedness	865.00	2,300.00	795.00	2,300.00
118					
119	Total Police Capital:	\$26,825.19	\$28,600.00	\$48,724.17	\$6,215.00
120					
121	General Service:				
122	5600.0000 Ambulance	10,277.00	0.00	0.00	0.00
123	5650.0000 Fire Dept.	8,536.73	13,000.00	6,009.96	13,700.00
124	5660.0000 Fire Protection Contract	27,500.00	27,500.00	20,625.00	29,500.00
125	5900.0000 Refuse Disposal	0.00	0.00	0.00	0.00
126					
127	Total General Service:	\$46,313.73	\$40,500.00	\$26,634.96	\$43,200.00

128		ACTUAL	APPROVED(2)	ACTUAL	PROPOSED
129		12-MONTHS	BUDGET	9-MONTHS	BUDGET
130		9/30/2011	2011/2012	END 6/30/12	2012/2013
131	Professional:				
132	5100.0000	Legal Fees	26,904.10	24,750.00	20,338.50
133	5200.0000	Audit Fees	6,600.00	6,800.00	7,100.00
134	5400.0000	Bldg. Inspection	11,421.08	10,000.00	7,576.89
135	5500.0000	Municipal Judge	10,709.55	10,604.00	8,158.97
136					10,700.00
137		Total Professional:	\$55,634.73	\$52,154.00	\$42,874.36
138					\$53,050.00
139	Public Works:				
140	6000.0000	St. Rehab.	812.00	25,830.00	28,932.71
141	6100.0000	St. Rehab. Reserve	0.00	30,000.00	24,301.00
142	6200.0000	St. Rehab. Engineer	0.00	0.00	100.00
143	6300.0000	Signs & Safety Markers	2,831.97	2,750.00	2,912.93
144	6400.0000	Lighting Installation	0.00	600.00	0.00
145	6500.0000	Lighting Expenses	48,061.08	50,000.00	28,416.34
146	6600.0000	Lot Mowing	3,840.00	4,000.00	3,235.00
147	6640.0000	Common Area Maint.	38,334.52	38,300.00	26,640.00
148	6700.0000	Comm Area Water&Elec.	10,893.89	9,000.00	6,899.10
149	6710.0000	Mosquito Spraying	1,523.00	7,400.00	2,652.50
150	6705.0000	Security Devices	40,424.92	0.00	0.00
151	6705.0001	Security Device Maint.	2,228.14	4,000.00	2,952.89
152	6700.0001	Park Purchase	3,237.64	0.00	0.00
153	6700.0002	Park Concept	0.00	0.00	0.00
154	6660.0000	Beautification Project	0.00	5,000.00	4,700.00
155	6660.0001	SECO Project	0.00	24,046.00	11,520.00
156	6660.0002	Community Alert System	0.00	1,800.00	1800.00
157	6660.0003	Animal Control	0.00	1,758.00	0.00
158	6660.0004	Security Device Reserve	0.00	750.00	0.00
159					750.00
160		Total Public Works:	\$152,187.16	\$205,234.00	\$145,062.47
161					\$183,708.00
162	Security Device/Vehicle Loan:				
163		Interest Payable	\$977.40	\$2,354.25	1,814.02
164		Scheduled Principal		\$14,727.79	11,655.00
165		Total Loan:	\$977.40	\$17,082.04	13,469.02
166					\$21,451.98
167		Total Operating Expense:	\$999,137.56	\$1,081,517.04	\$834,559.88
168					\$1,138,197.98
169	Town Hall Debt Service Account:				
171		Interest Payable	\$28,759.34	\$23,413.04	23,413.04
172		Scheduled Principal	\$30,795.80	\$35,000.00	35,000.00
173					\$35,000.00
174		Total TH Debt Service:	\$59,555.14	\$58,413.04	58,413.04
175					\$58,413.04
176					
177		Total All Expenses:	\$1,058,692.70	\$1,139,930.08	\$892,972.92
178		Total Revenues:	\$1,125,155.98	\$1,144,972.00	\$1,196,611.02
179					\$1,066,556.16
180		To General Fund:	\$66,463.28	\$5,041.92	\$173,583.24
					\$8,000.98

#7 Consideration/Ratification of
the Property Tax (Revenue)
Increase Reflected in the
Budget for Fiscal Year October
1, 2012 to September 30, 2013

This budget will raise more total property taxes than last year's budget by \$67,184 or 7.937758%, and of that amount \$15,170 is tax revenue to be raised from new property added to the roll this year.

#8 Consideration/Adoption of Ordinance to Establish Ad Valorem Tax Rate to Provide for Budget Expenses for Fiscal Year 2012-2013

ORDINANCE NO.

AN ORDINANCE ESTABLISHING THE AD VALOREM AND PERSONAL PROPERTY TAX RATE FOR THE TAX YEAR 2012, SETTING THE ASSESSED VALUATION AT ONE HUNDRED (100%) PERCENT OF THE FAIR MARKET VALUE, PROVIDING FOR A HOMESTEAD EXEMPTION OF \$5,000, PROVIDING FOR DISCOUNTS IN THE EVENT OF EARLY PAYMENT, AND PROVIDING FOR PENALTY AND INTEREST IN ACCORDANCE WITH STATE LAW AND PROVIDING FOR SEVERABILITY

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

Section 1. There is hereby established a tax rate for the tax year 2012:

\$.387538 Maintenance&Operation Tax Rate
\$.026471 Debt Tax Rate
\$.414009 Total Tax Rate

for each \$100.00 of assessed valuation of all ad valorem and personal property taxable under the laws of this State by the Town of Rancho Viejo.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE. THE TAX RATE WILL EFFECTIVELY BE RAISED BY 6.7036 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$24.34.

Section 2. There is hereby established an assessed valuation of one hundred (100%) percent of the fair market value of all real and personal property according to the certified tax rolls of the Town of Rancho Viejo.

Section 3. There is hereby granted a homestead exemption to qualified homeowners at the level of \$5,000 on the ad valorem tax for the tax year 2012.

Section 4. There is hereby granted a discount for early payment of the 2012 taxes which discount shall be equal to and the same as that granted by CAMERON COUNTY, the agency under contract to collect the taxes of this Town, said discount all being pursuant to State law.

Section 5. Any payment not timely made shall bear such penalty and interest as is provided by State law.

Section 6. If any section, paragraph, subdivision, clause, phrase, or provision of the Ordinance shall be adjudged invalid or held unconstitutional, the same shall not affect the validity of this Ordinance as whole or any part or provision thereof, other than the part so decided to be invalid or unconstitutional.

Section 7. This ordinance shall become effective upon passage.

PASSED, ADOPTED, AND APPROVED this the 11th day of September, 2012.

Roberto Medrano
Mayor

ATTEST:

Cheryl J. Kretz
Town Secretary

I move that the property tax rate be increased by the adoption of a tax rate of .414009, which is effectively a 6.134111 percent increase in the tax rate

#9 Consideration/Action of Budget Amendment for 2011/2012

AMENDED
TOWN OF RANCHO VIEJO
BUDGET
2011- 2012

	ACTUAL 12-MONTHS 9/30/2010	APPROVED(2) BUDGET 2010/2011	ACTUAL 9-MONTHS END 6/30/11	AMENDED BUDGET 2011/2012	
REVENUES:					
1 1810.2003 Ad Val. Tax 2003	0.00	100.00	104.27	100.00	
2 1810.2004 Ad Val. Tax 2004	0.00	100.00	344.11	100.00	
3 1810.2005 Ad Val. Tax 2005	308.37	300.00	962.94	300.00	
4 1810.2006 Ad Val. Tax 2006	928.29	500.00	1,970.74	800.00	
5 1810.2007 Ad Val. Tax 2007	3,453.20	2,000.00	3,161.40	1,500.00	
6 1810.2008 Ad Val. Tax 2008	14,599.61	4,000.00	8,121.38	3,000.00	
7 1810.2009 Ad Val. Tax 2009	731,155.09	13,500.00	16,168.72	8,000.00	
8 1810.2010 Ad Val. Tax 2010		749,583.00 (1)	739,166.60	16,000.00	
9 1810.2011 Ad Val. Tax 2011				813,492.00	(3)
10 1820.0000 Adm. Cost Recovered	5,615.34	3,300.00	9,236.82	20,000.00	7,000.00
11 1830.0000 Alcohol Beverage Tax	2,510.34	2,500.00	1,563.33	2,000.00	
12 1840.0000 Building Permits	34,682.81	25,000.00	19,889.97	31,000.00	25,000.00
13 1850.0000 Citations & Fines	132,628.17	120,000.00	76,443.23	100,000.00	110,000.00
14 1851.0000 MC Tech Fund	3,607.40	5,000.00	1,849.05	2,070.00	3,500.00
15 1870.0000 Franchise - Electrical	65,369.48	56,000.00	44,387.88	64,000.00	
16 1880.0000 Franchise - Telephone	8,604.12	8,000.00	5,735.35	8,000.00	
17 1890.0000 Franchise - Cable TV	34,558.21	34,000.00	27,647.79	37,000.00	35,000.00
18 1900.0000 Franchise - Gas	797.97	800.00	317.67	800.00	
19 1905.0000 Franchise - Solid Waste	1,000.00	1,000.00	1,000.00	1,000.00	
20 1910.0000 Interest from Investments	1,930.28	2,000.00	1,830.27	1,200.00	
21 1920.0000 P&I on Taxes	11,306.69	13,000.00	16,693.30	18,000.00	
22 1930.0000 Sales Tax	45,480.15	46,500.00	37,825.23	53,000.00	46,500.00
23 1963.0000 Police Fund Income	270.00	250.00	150.00	150.00	
24 1964.0000 Paving Assessments	1,030.73	1,000.00	0.00	1,000.00	
25 2090.0000 Discount on Taxes	(15,874.62)	(16,000.00)	(16,137.29)	(16,000.00)	
26 2090.5000 State Costs & Fees	(45,884.29)	(46,000.00)	(31,955.67)	(32,000.00)	-39,000.00
27 1921.0000 Lien Revenue	4,860.70	3,500.00	2,846.34	12,000.00	3,500.00
28 1922.0000 Section 11	15,898.83	28,269.00	0.00	0.00	7,000.00
29 1923.0000 SECO Grant	0.00	23,030.00	0.00	23,030.00	
30 9000.0011 Loan	0.00	0.00	60,000.00	0.00	
31 Other Rev. From Surplus				36,000.00	*
32 Total Revenues	\$1,058,836.87	\$1,081,232.00	1,029,323.43	\$1,205,542.00	

33
34 (1) BASED ON TAX RATE OF \$.338195 for M&O Tax Rate
35 \$.028542 Debt Service Tax Rate
36 for a TOTAL TAX RATE of \$.366737 per \$100.00 Taxable Value and 96% Collections
37 RANCHO VIEJO'S TAXABLE VALUE FOR 2010/11 WAS \$212,909,054
38

39 (2) AS APPROVED AT 9/14/10 MEETING
40

41 (3) BASED ON TAX RATE OF \$.364917 for M&O Tax Rate
42 \$.027017 Debt Service Tax Rate
43 for a TOTAL TAX RATE of \$.391934 per \$100.00 Taxable Value and 96% Collections
44 RANCHO VIEJO'S TAXABLE VALUE FOR 2011/2012 IS \$216,206,749
45
46

47	EXPENSES:	ACTUAL	APPROVED(2)	ACTUAL	AMENDED	
48		12-MONTHS	BUDGET	9-MONTHS	BUDGET	
49		END 9/30/10	2010/2011	END 6/30/11	2011/2012	
50	Administration:					
51	2100.0000 Travel	858.99	1,500.00	0.00	1,500.00	
52	2110.0000 Seminar & Education	155.00	625.00	155.00	625.00	
53	2150.0000 Payroll - Admin.	110,637.64	112,885.00	84,486.96	113,005.00	
54	2160.0000 Retirement - Admin.	11,450.02	14,011.00	9,909.62	11,200.00	
55	2161.0000 S.S./Medicare	21,221.88	6,243.00	4,942.46	7,420.00	
56	2170.0000 Insurance Medical	7,579.20	8,425.00	6,318.36	8,703.00	
57	2180.0000 Insurance Life	135.11	240.00	101.34	240.00	
58	2190.0000 Ins. Workman's Comp	200.00	200.00	200.00	200.00	
59	2200.0000 Contract Labor	10,415.25	10,000.00	7,102.75	10,000.00	
60						
61	Total Administration	\$162,653.09	\$154,129.00	\$113,216.49	\$152,893.00	
62						
63	General:					
64	3140.0000 Telephone	3,287.07	4,000.00	2,930.05	4,000.00	
65	3150.0000 Electricity Office	10,639.09	10,000.00	6,518.89	9,000.00	
66	3160.0000 Insurance Liability	19,355.68	17,550.00	18,931.05	20,385.00	
67	3170.0000 Legal Notices	4,809.78	5,000.00	1,839.21	5,000.00	
68	3190.0000 Printing	110.00	300.00	0.00	300.00	
69	3200.0000 Office Supplies	2,886.38	5,000.00	2,100.92	5,000.00	
70	3210.0000 Office Equipment	1,376.22	2,000.00	0.00	5,000.00	2,000.00
71	3220.0000 Postage	1,831.64	2,000.00	1,889.33	2,500.00	
72	3230.0000 Dues & Publications	841.00	1,000.00	747.00	1,000.00	
73	3240.0000 Appraisal & Tax Coll.	15,914.54	16,553.00	13,714.65	16,000.00	
74	3250.0000 Water	738.09	700.00	620.25	900.00	
75	3260.0000 Election Costs	0.00	4,100.00	3,953.49	4,100.00	
76	3270.0000 Building Maintenance	8,333.98	9,000.00	6,001.16	9,000.00	
77	3280.0000 Cameron Co. Court Costs	1,175.00	1,200.00	1,021.00	1,200.00	
78	3300.0000 Public Relations	1,078.87	2,500.00	1,559.54	2,500.00	
79	3320.0000 Office Equip. Maint.	10,736.47	11,000.00	8,171.75	12,000.00	11,000.00
80	3321.0000 Ordinance Codification	2,591.63	0.00	0.00	0.00	
81	4220.0000 Municipal Court Supplies	162.85	200.00	0.00	200.00	
82						
83	Total General	\$85,868.29	\$92,103.00	\$69,998.29	\$98,085.00	

84		ACTUAL	APPROVED(2)	ACTUAL	AMENDED	
85		12-MONTHS	BUDGET	9-MONTHS	BUDGET	
86		END 9/30/10	2010/2011	END 6/30/11	2011/2012	
87	Police General:					
88	4140.0000 Clothing - Police	7,705.42	3,500.00	1,216.25	4,100.00	3,500.00
89	4150.0000 Payroll - Police	308,125.25	317,714.00	227,018.57	327,720.00	320,720.00
90	4160.0000 Police Ret & Empl. Tax	31,731.37	39,256.00	26,824.74	31,850.00	
91	4161.0000 Medicare & S.S.	8,671.97	8,118.00	7,277.30	10,700.00	
92	4170.0000 Ins. Medical	26,527.20	29,486.00	20,359.16	30,461.00	
93	4171.0000 Ins. Medical Dependant	4,397.75	7,323.00	3,051.00	7,543.00	
94	4180.0000 Ins. Life	486.36	550.00	301.51	550.00	
95	4190.0000 Ins. Workman's Comp	7,400.32	7,400.00	7,151.05	7,915.00	
96	4200.0000 Cleaning of Uniforms	3,411.97	3,780.00	1,932.20	3,780.00	
97	4210.0000 Office Supplies	3,904.21	15,500.00	12,356.10	3,500.00	
98	4210.5000 Printing	600.00	0.00	0.00	0.00	
99	4230.0000 Travel - Police	245.77	600.00	543.53	600.00	
100	4240.0000 Seminar & Education - PD	2,501.06	3,000.00	499.15	3,200.00	3,000.00
101	4250.0000 Auto Repairs	14,065.18	6,500.00	3,735.66	6,500.00	
102	4260.0000 Auto Fuel	21,699.34	23,400.00	22,000.18	30,600.00	
103	4300.0000 Radio Equip. Maint.	1,325.92	1,600.00	80.00	1,600.00	
104	4310.0000 Police Contract Labor	19,602.00	18,500.00	24,178.00	27,975.00	20,000.00
105	4330.0000 Dispatch	3,478.44	3,810.00	2,760.87	3,980.00	
106	4331.0000 Police Investigation	3,337.46	3,496.00	2,824.91	4,400.00	3,720.00
107	4333.0000 Drug Testing	0.00	450.00	0.00	450.00	
108						
109	Total Police General	\$469,216.99	\$493,983.00	\$364,110.18	\$507,424.00	
110						
111	Police Capital:					
112	25131.0000 Automobile	0.00	0.00	19,848.40	47,000.00	22,000.00
113	25131.0001 Automobile Reserve	0.00	0.00	0.00	0.00	
114	25131.0500 Automobile Equipment	2,232.39	6,770.00	5,827.52	9,000.00	4,000.00
115	25131.3000 Auto Equip. Reserve	0.00	0.00	0.00	0.00	
116	4290.0000 Communication Equip.	20,774.80	18,586.00	0.00	0.00	
117	4291.0000 Fire Prevention/1st Aid	298.92	300.00	176.27	300.00	
118	4291.6220 Hurricane Preparedness	1,868.37	1,500.00	0.00	2,300.00	
119						
120	Total Police Capital	\$25,174.48	\$27,156.00	\$25,852.19	\$58,600.00	
121						
122	General Service:					
123	5600.0000 Ambulance	10,277.00	10,277.00	7,707.75	0.00	
124	5650.0000 Fire Dept.	7,738.56	13,800.00	6,813.30	13,000.00	
125	5660.0000 Fire Protection Contract	27,500.00	27,500.00	20,625.00	27,500.00	
126	5900.0000 Refuse Disposal	202.59	230.00	0.00	0.00	
127						
128	Total General Service	\$45,718.15	\$51,807.00	\$35,146.05	\$40,500.00	

129		ACTUAL	APPROVED(2)	ACTUAL	AMENDED	
130		12-MONTHS	BUDGET	9-MONTHS	BUDGET	
131		END 9/30/10	2010/2011	END 6/30/11	2011/2012	
132	Professional:					
133	5100.0000 Legal Fees	24,750.00	24,750.00	20,904.10	24,750.00	
134	5200.0000 Audit Fees	6,405.00	6,600.00	6,600.00	6,800.00	
135	5400.0000 Bldg. Inspection	6,214.27	7,000.00	7,136.87	12,000.00	10,000.00
136	5500.0000 Municipal Judge	9,676.30	10,580.00	8,183.55	10,604.00	
137						
138	Total Professional	\$47,045.57	\$48,930.00	\$42,824.52	\$54,154.00	
139						
140	Public Works:					
141	6000.0000 St. Rehab.	669.20	10,000.00	812.00	25,830.00	
142	6100.0000 St. Rehab. Reserve	0.00	0.00	0.00	30,000.00	
143	6200.0000 St. Rehab. Engineer	0.00	3,000.00	0.00	0.00	
144	6300.0000 Signs & Safety Markers	2,841.38	2,750.00	1,732.67	3,200.00	2,750.00
145	6400.0000 Lighting Installation	1,670.88	0.00	0.00	600.00	
146	6500.0000 Lighting Expenses	51,377.45	51,000.00	33,258.23	50,000.00	
147	6600.0000 Lot Mowing	4,647.50	4,000.00	2,555.00	4,000.00	
148	6640.0000 Common Area Maint.	38,374.73	38,000.00	27,097.49	38,300.00	
149	6700.0000 Comm Area Water&Elec.	7,602.65	7,000.00	7,604.67	9,000.00	
150	6710.0000 Mosquito Spraying	3,013.75	4,040.00	1,523.00	7,400.00	
151	6705.0000 Security Devices	0.00	0.00	40,424.92	0.00	
152	6705.0001 Security Device Maint.	0.00	0.00	1,044.93	4,000.00	
153	6700.0001 Park Purchase	13,600.12	3,240.00	3,237.64	0.00	
154	6700.0002 Park Concept	2,510.50	0.00	0.00	0.00	
155	6660.0000 Beautification Project	37,634.94	0.00	0.00	11,000.00	5,000.00
156	6660.0001 SECO Project	0.00	24,046.00	0.00	24,046.00	
157	6660.0002 Community Alert System	0.00	0.00	0.00	1,800.00	
158	6660.0003 Animal Control	0.00	0.00	0.00	1,758.00	
159	6660.0004 Security Device Reserve	0.00	0.00	0.00	750.00	
160						
161	Total Public Works	\$163,943.10	\$147,076.00	\$119,290.55	\$211,684.00	
162						
163	Security Device/Vehicle Loan:					
164	Interest Payable			538.29	\$2,354.25	
165	Scheduled Principal				\$16,650.00	14,727.79
166	Total Loan				\$19,004.25	
167						
168	Total Operating Expense	\$999,619.67	\$1,015,184.00	\$770,976.56	\$1,142,344.25	
169						
170	Town Hall Debt Service Account:					
171						
172	Interest Payable	\$33,783.34	\$29,555.14	28,759.34	\$23,413.04	
173	Scheduled Principal	\$30,604.16	\$30,000.00	30,795.80	\$35,000.00	
174						
175	Total TH Debt Service	\$64,387.50	\$59,555.14	59,555.14	\$58,413.04	
176						
177						
178	Total All Expenses	\$1,064,007.17	\$1,074,739.14	\$830,531.70	\$1,200,757.29	
179	Total Revenues	\$1,058,836.87	\$1,081,232.00	\$1,029,323.43	\$1,205,542.00	
180						
181	To General Fund	-\$5,170.30	\$6,492.86	\$198,791.73	\$4,784.71	
182						
183						
184						

#10 Consideration/Appointment of Members to the Health and Safety Committee

#11 Consider and Approve an Ordinance Authorizing the Issuance, Sale and Delivery of Town of Rancho Viejo, Texas General Obligation Refunding Bonds, Series 2012; Levying a Continuing Direct Annual Ad Valorem Tax; Authorizing the Funding of Certain Outstanding Obligations; Authorizing the Execution of a Bond Purchase Agreement; and Making Other Provisions Regarding Such Bonds and Matters Incident Thereto

ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TOWN OF RANCHO VIEJO, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT; APPROVING AN OFFICIAL STATEMENT, AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO.

STATE OF TEXAS §
COUNTY OF CAMERON §
TOWN OF RANCHO VIEJO §

WHEREAS, the Board of Aldermen (the "Board of Aldermen") of the Town of Rancho Viejo, Texas (the "Town"), has heretofore issued, sold, and delivered, and there are currently outstanding, obligations which are secured by the full faith and credit of the Town and a pledge by the Town to levy ad valorem taxes sufficient to pay principal of and interest on the obligations as they become due, of the following issues or series:

Town of Rancho Viejo, Texas Tax Note, Series 2005 (the "Series 2005 Tax Note") dated November 1, 2005, now outstanding in the principal amount of \$572,000 (the "Callable Obligations").

WHEREAS, the Board of Aldermen hereby finds and declares it a public purpose, and deems it advisable, to refund all maturities of the Callable Obligations (hereinafter the "Refunded Obligations") in order to restructure the Town of Rancho Viejo's outstanding tax obligations; and

WHEREAS, Chapter 1207, as amended, Texas Government Code authorizes the Town to issue and sell refunding bonds and to deposit the proceeds thereof with a paying agent/registrar for the Refunded Obligations with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Town and such paying agent/registrar may agree, provided that such deposits may be invested and reinvested in direct obligations of the United States, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Obligations; and

WHEREAS, The International Bank of Commerce, Brownsville, Texas, currently serves as the paying agent for the Refunded Obligations as designated in the ordinance authorizing the issuance of the Refunded Obligations; and

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity; and

WHEREAS, the Town has determined to call for redemption the Refunded Obligations on September 27, 2012;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF RANCHO VIEJO, TEXAS:

1. Definitions. Throughout this Ordinance the following terms and expressions as used herein shall have the meanings set forth below:

The term "Attorney General" shall mean the Attorney General of Texas.

The term "Board of Aldermen" shall mean the Board of Aldermen of the Town of Rancho Viejo, Texas.

The term "Bonds" shall mean the "Town of Rancho Viejo, Texas General Obligation Refunding Bonds, Series 2012" (and include all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto), and the term "Bond" shall mean any of the Bonds.

The term "Business Day" shall mean any day that is not a Saturday, Sunday, a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed or a legal holiday.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Debt Service Fund" shall mean the debt service fund required to be established by the Town pursuant to Section 19 of this Ordinance.

The term "Fiscal Year" shall mean the Town's designated fiscal year which shall be the twelve-month period beginning on October 1 one year and ending on September 30 of the following year or such other period of twelve months as may be approved by Board of Aldermen.

The term "Interest Payment Date" when used in connection with any Bond, shall mean January 1, July 1 of each year, commencing January 1, 2013 and continuing thereafter until maturity.

The term "Issue Date" shall mean the date on which the Bonds are delivered to, and paid for by the purchasers of the Bonds.

The term "Ordinance" as used herein and in the Bonds shall mean this ordinance authorizing the Bonds.

The term "Outstanding", when used with respect to the Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered pursuant to this Ordinance except: (a) any Bond canceled by or on behalf of the Town at or before such date; (b) any Bond defeased pursuant to the defeasance provisions of this Ordinance or otherwise defeased as permitted by applicable law; and (c) any Bond in lieu of or in substitution for which a replacement Bond shall have been delivered pursuant to this Ordinance.

The term "Owner" shall mean any person who shall be the registered owner of any outstanding Bond.

The term "Paying Agent/Registrar" shall mean International Bank of Commerce, Brownsville, Texas and its successors in the capacities of paying agent and registrar for the Bonds.

The term "Purchaser" shall mean the initial purchaser(s) of the Bonds designated in this Ordinance.

The term "Record Date," as used in connection with any Bond, shall mean the close of business on the last business day of the month next preceding each Interest Payment Date.

The term "Register" shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner of Bonds.

The term "Registered Owner or Owners" shall mean the person or entity in whose name any Bond is registered in the Register.

The term "Rule" shall mean SEC Rule 15c2-12, as amended from time to time.

The term "SEC" shall mean the United States Securities and Exchange Commission.

The term "Town" and "Issuer" shall mean the Town of Rancho Viejo, Texas, and any successor to its duties and functions.

All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the sections are for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms and provisions hereof. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the levy of ad valorem taxes to pay the principal of and interest on the Bonds.

2. Findings. The Town hereby finds and determines that the recitals contained in the preamble hereto are true and correct and hereby incorporates the said recitals in the preamble as if set forth in full at this place.

3. Amount; Authorization; Purposes. The Bonds shall be issued in fully registered form in the total authorized aggregate principal amount of Five Hundred Seventy Two Thousand Dollars (\$572,000) for the purpose of providing funds to refund a portion of the Town's outstanding debt and pay costs of issuance, in accordance with the authority conferred by and in conformity with Chapter 1207, Texas Government Code, as amended.

4. Designation, Date and Interest Payment Dates. The Bonds shall be designated as the "Town of Rancho Viejo, Texas General Obligation Refunding Bonds, Series 2012" and shall be dated for convenience purposes September 1, 2012 (the "Dated Date"). The Bonds shall bear interest at the rates set forth in Section 5 of this Ordinance from the later of the date of delivery, or the most recent Interest Payment Date to which such interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on January 1 and July 1 of each year, commencing January 1, 2013, until maturity of the Bonds.

5. Initial Bonds; Numbers and Denominations. The Bonds herein authorized shall be issued initially either (i) as a single fully registered Bond in the total principal amount of \$572,000, with principal installments to become due and payable as provided in this Section 5 and numbered T-1, or (ii) as separate fully registered Bonds for each year of stated maturity in the applicable principal amounts and denominations and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)"), and, in either case, the Initial Bond(s) shall be registered in the name of the purchaser(s) (the "Purchaser"). The Initial Bond(s) shall be submitted to the office of the Attorney General of the State of Texas for approval, certified and registered by the office of the Comptroller of Public Accounts and delivered to the Paying Agent/Registrar. Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the Underwriter(s), or the designee(s) thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, stated maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Underwriter(s) named at the address identified therefor; all pursuant to and in accordance with such written instructions from the Town, and such other information and documentation as the Paying Agent/Registrar may reasonably require. The Initial Bond(s) submitted to the Attorney General of Texas may be typewritten, photocopied, or otherwise reproduced.

The Bonds shall mature and be payable serially in each of the years and in the principal amounts as follows:

MATURITY SCHEDULE
\$572,000

YEAR OF MATURITY	PRINCIPAL AMOUNT	INTEREST RATE (%)

6. Optional Redemption Prior to Maturity. The Town reserves the right, at its option, beginning January 1, 2021, or any date thereafter, to redeem Bonds having stated maturities on or after January 1, 2022 in whole or in part, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds of a particular maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected at random and by lot by the Paying Agent/Registrar on behalf of the Town. Bonds may be redeemed only in integral multiples of \$5,000 of principal amount. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with Section 6 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Not less than thirty (30) days prior to a redemption date for the Bonds, notice of such redemption shall be sent by U.S. mail, first class postage prepaid, in the name of the Town to each Owner of a Bond to be redeemed, in whole or in part, at the address of such Owner appearing on the Register at the close of business on the Business Day next preceding the date of mailing. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the numbers of Bonds or portions thereof to be redeemed.

In addition, the Town Secretary shall give notice of redemption or defeasance to the Paying Agent/Registrar at least 45 days prior to a redemption date in the case of a redemption and on the defeasance date in the case of a defeasance and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each registered securities depository and to any national information service that disseminates such notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall

also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption or defeasance shall contain a description of the Bonds to be redeemed or defeased, including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed or paid, including a contact person and telephone number.

Any notice of redemption so mailed as provided in this Section will be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part, notice of redemption has been given as herein provided and due provision has been made to redeem the same, the Bonds or portions thereof so redeemed shall no longer be regarded to be outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest which would otherwise accrue after the redemption date on any Bond or portion thereof called redemption shall terminate on the date fixed for redemption. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation at the expense of the Town.

7. Execution of Bonds; Seal. The Bonds shall be signed by the Mayor and countersigned by the Town Secretary of the Board of Aldermen, by their manual or facsimile signatures, and the official seal of the Town shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of such officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Bonds. If any officer of the Town whose signature shall be on the Bonds, or on any certification required in connection with the Bonds, shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds or certification required in connection with the Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

8. Approval by Attorney General; Registration by Comptroller. The Initial Bond(s) shall be delivered to the Attorney General for approval and shall be registered by the Comptroller. The Mayor and the Town Secretary are authorized hereby to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor and the Town Secretary and other officers and employees of the Town are hereby authorized and directed to make such certifications and to execute such instruments as may be necessary to accomplish the delivery of the Bonds and to assure the investigation, examination and approval thereof by the Attorney General and the registration of the Initial Bonds by the Comptroller. Upon registration of the Bonds, the Comptroller (or the Comptroller's bond clerk,

or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually execute the registration certificate of the Comptroller substantially in the form provided in Section 17 of this Ordinance, and such certificate shall be affixed or attached to the Bonds to be initially issued, and the seal of the Comptroller shall be impressed, or placed in facsimile, thereon.

9. Authentication. Except for the Initial Bonds, which need not be authenticated by the Paying Agent/Registrar, only such Bonds as shall bear thereon a certificate of authentication, substantially in the form provided in Section 17 of this Ordinance, manually executed by an authorized representative of the Paying Agent/Registrar, shall be entitled to the benefits of this Ordinance or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Bond so authenticated was delivered by the Paying Agent/Registrar hereunder.

10. Payment of Principal and Interest; Paying Agent/Registrar. The Paying Agent/Registrar is hereby appointed as the registrar and paying agent for the Bonds pursuant to the terms and provisions of the Paying Agent/Registrar Agreement, a copy of which is attached hereto as Exhibit "A", which is hereby authorized, approved and incorporated hereto by reference by the Board of Aldermen and which the appropriate officials of the Town are hereby authorized to execute. The officers of the Town are each hereby authorized to execute, attest and affix the Town's seal to the Paying Agent/Registrar Agreement, the terms and provisions of which are hereby approved. Such initial Paying Agent/Registrar and any successor, by undertaking the performance of the duties of the registrar and paying agent hereunder, and in consideration of the payment of any fees pursuant to the terms of the agreement between the Paying Agent/Registrar and the Town and/or the deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to abide by the terms of this Ordinance. All money transferred to the Paying Agent/Registrar in its capacity as registrar or paying agent for the Bonds under this Ordinance (except any sums representing registrar or paying agent fees) shall be held in trust for the benefit of the Town, shall be the property of the Town and shall be disbursed in accordance with this Ordinance. All matured Bonds presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the Town. Such Bonds shall be canceled as provided herein.

The principal of the Bonds shall be payable without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender, as they respectively become due and payable, at the trust office of the Paying Agent/Registrar. The interest on each Bond shall be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register. Any accrued interest payable at maturity on a Bond shall be paid upon presentation and surrender of such Bond at the principal trust office of the Paying Agent/Registrar.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

11. Successor Paying Agents/Registrars. The Town covenants that at all times while any Bonds are outstanding it will provide a legally qualified bank, trust company, financial institution or other agency to act as Paying Agent/Registrar for the Bonds. The Town reserves the right to change the Paying Agent/Registrar for the Bonds on not less than sixty (60) days' written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Ordinance.

12. Special Record Date. In the event of a nonpayment of interest on any Interest Payment Date which continues for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest (the "Special Record Date"). The Paying Agent/Registrar shall establish a Special Record Date upon receipt of funds from or on behalf of the Town to make such interest payment. The Special Record Date shall be fifteen days prior to the scheduled payment date of past due interest. Notice of the scheduled payment date of past due interest and the Special Record Date shall be given by U.S. mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of an affected Bond as of the close of business on the Business Day prior to the mailing of such notice.

13. Ownership; Unclaimed Principal and Interest. The Town, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond and for all other purposes, whether or not such Bond is overdue, and neither the Town nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the Town and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended. To the extent such provisions of the Texas Property Code do not apply to the funds, such funds shall be paid by the Paying Agent/Registrar to the Town upon receipt by the Paying Agent/Registrar of a written request therefor from the Town. The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this Section.

14. Registration, Transfer and Exchange. As long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its corporate trust office and, subject to such

reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Ordinance.

Each Bond shall be transferable only upon the presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the trust office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The Town or the Paying Agent/Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the Town.

15. Mutilated, Lost or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Town or the Registrar may require the Owner of a damaged or mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith, including the fees and expenses of the Registrar.

If any Bond is lost, apparently destroyed or wrongfully taken, the Town, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the Town and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

- (b) furnish such security or indemnity as may be required by the Paying Agent/Registrar and the Town to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the Town and the Paying Agent/Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Town in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

In accordance with Chapter 1207, Texas Government Code, as amended, each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered. This section further constitutes authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Town or any other body or person, and the duty of replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar.

16. Cancellation of Bonds. All Bonds paid in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the Town with appropriate certificates of destruction of such Bonds.

17. Form of Bonds. The form of the Definitive Bonds, including the form of the 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, which shall be attached or affixed to the Bonds initially issued shall be, respectively, substantially as follows, with such additions, deletions and variations, including any guarantee legend or statement, as may be necessary or desirable and not prohibited by this Ordinance; except that the form of the single fully registered Initial Bond shall be modified and shall be in the form attached hereto as Exhibit "B":

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

REGISTERED
R-

REGISTERED
PRINCIPAL AMOUNT
\$

TOWN OF RANCHO VIEJO, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2012

INTEREST RATE: DATED DATE: MATURITY DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

TOWN OF RANCHO VIEJO, TEXAS (the "Town"), for value received, promises to pay to the Registered Owner set forth above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the trust office of International Bank of Commerce, Brownsville, Texas or its successor (the "Paying Agent/Registrar"), the principal amount identified above payable in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the date of delivery, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable semiannually on January 1 and July 1 of each year, beginning January 1, 2014 until maturity of this Bond, by check mailed by the Paying Agent/Registrar to the Registered Owner of record as of the close of business on the last business day of the month next preceding each Interest Payment Date, as shown on the registration books kept by the Paying Agent/Registrar. Any accrued interest payable at maturity shall be paid upon presentation and surrender of this Bond at the corporate trust office of the Paying Agent/Registrar.

IN THE EVENT of a nonpayment of interest on any Interest Payment Date which continues for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest (the "Special Record Date"). The Paying Agent/Registrar shall establish a Special Record Date upon receipt of funds from or on behalf of the Town to make such interest payment. The Special Record Date shall be fifteen days prior to the scheduled payment date of past due interest. Notice of the scheduled payment date of past due interest and the Special Record Date shall be given by U.S. mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of an affected Bond as of the close of business on the Business Day prior to the mailing of such notice.

IF THE DATE for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

THIS BOND is one of a duly authorized issue of bonds dated for convenience purposes September 1, 2012, aggregating \$572,000 (the "Bonds"), issued for the purpose of providing funds to refund the Town's Refunded Obligations, and to pay costs and expenses of issuance, all pursuant to the Constitution and laws of the State of Texas and an Ordinance adopted by the Board of Aldermen on September 11, 2012 (the "Ordinance").

THE TOWN reserves the right, at its option, beginning January 1, 2021, or any date thereafter, to redeem Bonds having stated maturities on or after January 1, 2022 in whole or in part, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

If less than all of the Bonds of a particular maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected at random and by lot by the Paying Agent/Registrar on behalf of the Town. Bonds may be redeemed only in integral multiples of \$5,000 of principal amount. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Registrar, in accordance with Section 6 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Not less than thirty (30) days prior to a redemption date for the Bonds, notice of such redemption shall be sent by U.S. mail, first class postage prepaid, in the name of the Town to each Owner of a Bond to be redeemed, in whole or in part, at the address of such Owner appearing on the Register at the close of business on the Business Day next preceding the date of mailing. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the numbers of Bonds or portions thereof to be redeemed.

In addition, the Town Secretary shall give notice of redemption or defeasance to the Paying Agent/Registrar at least 45 days prior to a redemption date in the case of a redemption and on the defeasance date in the case of a defeasance and the Paying Agent/Registrar shall give notice of redemption or of defeasance of Bonds by mail, first-class postage prepaid at least thirty (30) days prior to a redemption date and within thirty (30) days after a defeasance date to each registered securities depository and to any national information service that disseminates such notices. In addition, in the event of a redemption caused by an advance refunding of the Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days

prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Each notice of redemption or defeasance shall contain a description of the Bonds to be redeemed or defeased, including the complete name of the Bonds, the date of issue, the interest rate, the maturity date, the CUSIP number, the certificate numbers, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption or defeasance, the redemption price, if any, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed or paid, including a contact person and telephone number.

Any notice of redemption so mailed as provided in this Section will be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part, notice of redemption has been given as herein provided and due provision has been made to redeem the same, the Bonds or portions thereof so redeemed shall no longer be regarded to be outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest which would otherwise accrue after the redemption date on any Bond or portion thereof called redemption shall terminate on the date fixed for redemption. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation at the expense of the Town.

All redemption payments made by the Paying Agent/Registrar to the registered owners of the Bonds shall include a CUSIP number relating to each amount paid to such registered owner.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS BOND IS EXCHANGEABLE at the trust office of the Paying Agent/Registrar for the Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE TOWN has covenanted in the Ordinance that it will at all times provide a legally qualified Paying Agent/Registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that the Bonds do not exceed any constitutional or statutory limitation; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the Town and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this bond has been signed with the manual or facsimile signature of the Mayor of the Town and countersigned with the manual or facsimile signature of the Town Secretary, and the official seal of the Town has been duly impressed, or placed in facsimile, on this bond.

TOWN OF RANCHO VIEJO, TEXAS

Mayor

Town Secretary

(SEAL)

Form of Registration Certificate
of Comptroller of Public Accounts

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this _____.

(SEAL)

Comptroller of Public Accounts
of the State of Texas

Form of Paying Agent/Registrar's Authentication Certificate

AUTHENTICATION CERTIFICATE

It is hereby certified that this bond has been delivered pursuant to the Ordinance described in the text of this bond, in exchange for or in replacement of a bond, bonds or a portion of a bond or bonds of an issue of bonds which was originally approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Date of Authentication _____

International Bank of Commerce

Brownsville, Texas 785

By: _____

Authorized Signature

Form of Assignment

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification
Number of Transferee) the within bond and all rights thereunder, and hereby irrevocably
constitutes and appoints _____ attorney to transfer
such bond on the books kept for registration thereof, with full power of substitution in the
premises.

DATED: _____

Signature

Guaranteed: _____

Registered Owner

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

NOTICE: The signature above must correspond to the same name of the registered owner as shown on the face of this bond in every particular, without any alteration, enlargement, or change whatsoever.

18. Opinion of Bond Counsel; CUSIP. The approving opinion of Ramirez & Guerrero, L.L.P., San Juan, Texas, Bond Counsel and a secretarial certificate certifying that the Bond Counsel Opinion is on file with the Town, but errors or omissions in the printing of such information shall have no effect on the validity of the Bonds.

19. Debt Service Fund; Tax Levy. A special fund to be designated "Town of Rancho Viejo, Texas General Obligation Refunding Bonds, Series 2012 Debt Service Fund" (the "Debt Service Fund") is hereby created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Ordinance shall be deposited, as collected, in the Debt Service Fund. Money on deposit in the Debt Service Fund may, at the option of the Town, be invested as permitted under Texas law, provided that all such investments shall be made in such manner that the money will be available at the proper time or times. For purposes of maximizing investment returns, money in the Debt Service Fund may be invested with other money of the Town in common investments, or in a common pool of investments, which shall not be deemed to be or constitute a commingling of such money as long as safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by the Debt Service Fund are held by or on behalf of the Debt Service Fund. Money in the Debt Service Fund may, to the extent necessary, be used to make any required payments to the federal government under the Code to assure that interest on the Bonds is excludable from gross income for federal income tax purposes.

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other Town taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax upon all taxable property in the Town, within the limits prescribed by law, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures (but never less than 2% of the original principal amount of the Bonds in any year), full allowance being made for delinquencies and costs of collection. Such taxes are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds.

Available funds of the Town are hereby authorized to be deposited to the Debt Service Fund in an amount sufficient to pay the debt service payment due on the Bonds on January 1, 2013.

20. Sale; Bond Purchase Agreement. (a) The Bonds are hereby sold and shall be delivered to _____ (the "Purchaser") at a price of \$572,000 (representing the par amount of Bonds, accordance with the terms of the bond purchase agreement (the "Purchase Agreement") presented to and hereby approved by the Board of Aldermen, in substantially the form attached hereto as Exhibit "C", which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the Town. The Mayor and other appropriate officials of the Town are hereby authorized and directed to execute such Purchase Agreement on behalf of the Town, and the Mayor and all other officials, agents and representatives of the Town are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Mayor, the financial advisor and other consultants and authorized representatives of the Town hereby authorized to take such action as necessary in seeking ratings on the Bonds from any rating service and any such action is hereby ratified and confirmed.

(b) The Town hereby approves the form and contents of the Private Placement Memorandum, dated as of the date hereof, relating to the Bonds. The Mayor is hereby authorized and directed to execute, and the Town Secretary is hereby authorized and directed to attest, the Private Placement Memorandum. It is further hereby officially found, determined, and declared that the statements and representations contained in the Private Placement Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board of Aldermen.

21. Tax Exemption.

(a) General Tax Covenant. The Town intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the "Code") and applicable regulations. The Town covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the Town covenants and agrees to comply with each requirement of this Section; provided, however, that the Town shall not be required to comply with any particular requirement of this Section if the Town has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the Town has received a Counsel's Opinion to the effect that compliance with some other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section. In the event the provisions of the Code are amended, or new regulations or rulings are promulgated or issued thereunder, such that requirements in addition to those stated herein become applicable to the Bonds, the Town covenants to comply with such additional requirements to the extent necessary to prevent any adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) Use of Gross Proceeds. The Town covenants and agrees that its use of the "Net Proceeds" (as hereinafter defined) of the Bonds will at all times satisfy the following requirements:

(i) The Town will use the Net Proceeds of the Bonds to defease the Town of Rancho Viejo, Texas Tax Notes, Series 2005.

(ii) The Town will use a portion of the Net Proceeds to pay the costs of issuing the Bonds.

(iii) The Town has limited, with respect to the Refunded Obligations, and will limit the amount of original and investment proceeds of the Refunded Obligations used (other than use as a member of the general public) in the trade or business of any person other than a governmental unit to an amount aggregating no more than ten percent of the proceeds of the Refunded Obligations ("private-use proceeds"). For purposes of this Section, the term "person" includes any individual, corporation, partnership, unincorporated association, or any other entity capable of carrying on a trade or business;

and the term "trade or business" means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, any activity other than an activity carried on by a governmental unit.

(iv) The Town has not permitted, with respect to the Refunded Obligations, more than five percent of the Net Proceeds of the Refunded Obligations to be used in the trade or business of any person other than a governmental unit if such use is unrelated to the governmental purpose of such Bonds. Further, the amount of private-use proceeds of the Refunded Obligations in excess of five percent of the Net Proceeds of the Refunded Obligations ("excess private-use proceeds") did not and will not exceed the proceeds of the Refunded Obligations, expended for the governmental purpose of the Refunded Obligations.

(v) The Town, with respect to the Refunded Obligations, has not permitted an amount of proceeds of the Refunded Obligations exceeding the lesser of (a) \$5,000,000 or (b) five percent of the Net Proceeds of the Refunded Obligations to be used, directly or indirectly, to finance loans to persons other than governmental units.

When used in this Section, the term "Net Proceeds" of the Refunded Obligations shall mean the proceeds from the sale of the Refunded Obligations, including investment earnings on the proceeds of such issue, less accrued interest with respect to such issue.

(c) No Federal Guaranty. The Town covenants and agrees not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, would cause the bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and applicable regulations thereunder, except as permitted by section 149(b)(3) of the Code and such regulations.

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

(e) Arbitrage Rebate. The Town will take all necessary steps to comply with the requirement that certain amounts earned by the Town on the investment of the "gross proceeds" of the Bonds (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Town will (i) obtain information and maintain records regarding the receipt, investment and expenditure of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds and to identify the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and

accounts of the Town allocable to other bond issues of the Town or moneys which do not represent gross proceeds of any bonds of the Town, (ii) calculate, at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government and (iii) pay, at such times and in such manner as required by applicable regulations, all amounts required to be rebated to the federal government. Further, the Town will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(f) Information Reporting. The Town covenants and agrees to file or cause to be filed with the Secretary of the Treasury, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and applicable regulations thereunder.

22. Redemption of Refunded Obligations. The Town hereby irrevocably calls the following bonds for redemption prior to maturity on the date set forth below, and authorizes and directs notice of such redemptions to be given in accordance with the Ordinances authorizing the issuance of such bonds:

Series 2005 Tax Notes

<u>Year (November 1)</u>	<u>Amount (\$)</u>	<u>Interest (%)</u>
2012	572,000	5.250%

Said Refunded Obligations are hereby called for redemption and the respective Paying Agent(s)/Registrar(s) for the Refunded Obligations are hereby directed to make appropriate arrangements so that Refunded Obligations may be redeemed on the redemption dates.

23. Defeasance of Refunded Obligations. The discharge and defeasance of the Refunded Obligations shall be effectuated by payment to bond holder of the outstanding principal and accrued interest to date of redemption, September 27, 2012.

24. Amendments. Except as may required by the bond insurer, the Town may amend this Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the Town may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal

Paying Agent/Registrar: International Bank of Commerce

Brownsville, Texas 785

31. Open Meeting. It is hereby officially found and determined that the meeting at which this Ordinance was adopted was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by the Texas Opening Meetings Act, Chapter 551, Texas Government Code, as amended.

32. Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this ordinance shall be effective immediately upon adoption, notwithstanding any provision in the Town's Home Rule Charter to the contrary concerning a multiple reading requirement for the adoption of Ordinances.

33. Severability. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

34. Repealer. All resolutions and Ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

[Remainder of page intentionally left blank]

PASSED AND APPROVED on _____.

Mayor
Town of Rancho Viejo, Texas

ATTEST:

Town Secretary
Town of Rancho Viejo, Texas

(SEAL)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT B
FORM OF INITIAL BOND

EXHIBIT C

BOND PURCHASE AGREEMENT

BOND PURCHASE LETTER

September 11, 2012

Town of Rancho Viejo, Texas
3301 Carmen Avenue
Rancho Viejo, Texas 78575

Re: \$572,000 Town of Rancho Viejo, Texas, General Obligation Refunding Bonds,
Series 2012 (the "Bonds")

Ladies and Gentlemen:

_____ Bank, a national banking corporation (the "Purchaser") hereby offers to purchase from the Town of Rancho Viejo, Texas (the "Town") the captioned Bonds and, upon acceptance of this offer by the Town, such offer will become a binding agreement between the Purchaser and the Town. This offer must be accepted by 10:00 p.m., Town of Rancho Viejo, Texas, time, September 11, 2012, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Bonds is par, \$572,000.
2. Terms of Bonds: The Bonds shall be issued in the principal amounts, shall bear interest at such rate, mature on such date and in such amount, be subject to redemption prior to maturity and have such other terms and conditions as are set forth in the ordinance adopted by the Board of Aldermen of the Town on September 11, 2012 (the "Ordinance") authorizing the issuance of the Bonds, a copy of which have been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Bonds shall be payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Town. The Bonds will also be secured by a limited revenue pledge as described in the Ordinance.
3. Closing: The Town shall deliver the Initial Bond to, or for the account of, the Purchaser and the Purchaser shall purchase the Bonds at 10:00 a.m. Town of Rancho Viejo, Texas, time, on September 27, 2012, or at such other time as shall be mutually agreed upon (hereinafter referred to as the "Closing"). The Closing shall take place at the offices of Ramirez & Guerrero, LLP, San Juan, Texas, or such other location as may be mutually agreed upon. The Town will also deliver a signed copy of the Ordinance to the Purchaser.

4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Bonds unless the following requirements have been satisfied prior to Closing:
 - (a) The Town shall have adopted the Ordinance authorizing the issuance of the Bonds.
 - (b) Ramirez & Guerrero, LLP, Bond Counsel shall have issued its approving legal opinions as to the due authorization, issuance and delivery of the Bonds, upon which the Purchaser shall be entitled to rely.
 - (c) The Bonds shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
 - (d) The Town shall have delivered to the Purchaser such other closing certificates as may be reasonably requested by the Purchaser.
5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Bonds. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. § 230.501(a) and is accustomed to purchasing obligations such as the Bonds. Ramirez & Guerrero, LLP, Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the Town or the Bonds, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Bonds. The Bonds (i) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the Town, particularly with respect to its ability to pay its ad valorem tax-supported obligations such as the Bonds. The Purchaser has received from the Town all information that it has requested in order for it to assess and evaluate the security and source of payment for the Bonds. The Purchaser is purchasing the Bonds for its own account or for that of an affiliate as evidence of a loan to the Town and has no present intention to make a public distribution or sale of the Bonds. In no event will the Purchaser sell the Bonds to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Bonds.
6. In consideration of the purchase of the Bonds by the Purchaser, and so long as the Purchaser is the 100% owner of the Bonds, the Town agrees as follows:

- (a) The Town agrees to deliver to the Purchaser within 180 days after the end of each fiscal year, its audited financial statements.
 - (b) The Town agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time.
7. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE LETTER, THE ORDINANCE OF THE TOWN AUTHORIZING THE BONDS, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE BONDS TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

[Signatures begin on next page]

If this purchase letter meets with the Purchaser's and the Town's approval, please execute it in the place provided below.

_____ BANK, a national
banking corporation

By: _____

Title: _____

[Signatures continue on next page]

ACCEPTED BY THE TOWN OF RANCHO VIEJO, TEXAS

Mayor

ATTEST:

Town Secretary

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT (the "Agreement"), is entered into as of September 11, 2012, by and between the TOWN OF RANCHO VIEJO, a political subdivision of the State of Texas located in Cameron County (the "Issuer"), and _____, Texas (the "Bank").

RECITALS

The Issuer has duly authorized and provided for the issuance of its bonds, entitled Town of Rancho Viejo, General Obligation Refunding Bonds, Series 2012 (the "Bonds") to be issued as fully registered Bonds;

All things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be done upon the issuance and delivery thereof;

The Issuer and the Bank wish to provide the terms under which the Bank will act as Paying Agent/Registrar to pay the principal of and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Paying Agent/Registrar for the Bonds;

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

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 act as Paying Agent with respect to the Bonds, to pay to the Registered Owners of the Bonds, in accordance with the terms and provisions of this Agreement and the Ordinance, the principal of and interest on all or any of the Bonds.

The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

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

Section 1.02. Compensation.

As compensation for the Bank's Services as Paying Agent and Registrar, the Issuer hereby agrees to pay the Bank the fees set forth in the Bank's fee schedule, then in effect for services as Paying Agent/Registrar for municipalities, attached as Exhibit "A" hereto. The Bank reserves the right to amend the fee schedule at any time provided the Bank shall have furnished the Issuer with a

written copy of such amended fee schedule at least 75 days prior to the date that the new fees are to become effective.

The Issuer agrees to pay the Bank for any and all extraordinary/additional fees incurred in executing and following prudent and required procedures regarding a full or partial refunding of the Issues.

In addition, the Issuer agrees to reimburse Bank upon its request for all reasonable expenses, disbursements and advancements (including the reasonable compensation and expenses) made by Bank pursuant to, or as a result of, any of the provisions thereof.

ARTICLE TWO

DEFINITIONS

Section 2.01. Definitions.

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

"Bank" means _____, Texas, a national bank duly organized and existing under the laws of the United States of America.

"Issuer" means the Town of Rancho Viejo, Texas.

"Bond" or "Bonds" means any one or all of the TOWN OF RANCHO VIEJO, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012, dated September 1, 2012 in the amount of \$572,000.

"Ordinance" shall mean the Ordinance of the Issuer, approved September 11, 2012, pursuant to which the Bonds, are issued.

"Paying Agent" means the Bank when it is performing the function of paying agent.

"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 of any entity whatsoever.

"Registrar" means the Bank when it is performing the function of registrar.

All other capitalized terms shall have the meanings assigned in the Ordinance.

ARTICLE THREE

DUTIES OF THE BANK

Section 3.01 Initial Delivery of Bonds.

The Bonds will be initially registered and delivered to the purchaser designated by the Issuer as set forth in the Ordinance. If such purchaser delivers a written request to the Bank not later than two business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, exchange the Bonds initially delivered for Bonds of authorized denominations, registered in accordance with the instructions in such request and the Ordinance.

Section 3.02. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate 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 and interest of each Certificate in accordance with the provisions of the Ordinance.

Section 3.03. Duties of Registrar.

The Bank shall provide for the proper registration of the Bonds and the exchange, replacement and registration of transfer of the Bonds, in accordance with the provisions of the Ordinance. The Bank will maintain the books of registration in accordance with the Bank's general practices and procedures in effect from time to time.

Section 3.04. Unauthenticated Bonds.

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

Section 3.05. Reports.

The Bank will provide the Issuer, upon payment of any required fee, reports not less often than once each three months, which reports will describe in reasonable detail all transactions pertaining to the Bonds and the books of registration. The Issuer may also inspect and make copies of the information in the books of registration 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.

The Bank will not release or disclose the content of the books of registration to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order or as otherwise required by law. Upon receipt of a subpoena, court order or other lawful request, the Bank will notify the Issuer immediately so that the Issuer may contest the subpoena, court order or other request.

Section 3.06. Canceled Bonds.

All Bonds surrendered for payment, transfer, exchange or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be delivered to the Bank for cancellation. Any Bonds previously authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be destroyed and evidence of such destruction furnished to the Issuer.

Section 3.07. 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 certifications or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable to the Issuer for actions taken under this Agreement as long as it acts in good faith and exercises due diligence, reasonableness and care, as prescribed by law, with regard to its duties hereunder.

(c) This Agreement is not intended to require the Bank to expend its own funds for performance of any of its duties hereunder.

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

(e) The Bank may rely and shall be protected by the Issuer against any claim by the Issuer or any Person in acting or refraining from acting upon any order, certificate, statement, instrument, opinion, report, notice, request, direction, consent, ordinance, bond, vote, 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 a Certificate, but is protected in acting upon the receipt of a Certificate 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. Bank shall not be bound to make any investigation into the facts or matters stated in a order, certificate statement, instrument, opinion, report, notice, request, direction, consent, ordinance, bond, note, security or other paper or document supplied by Issuer.

Section 3.08. Money Held by Bank.

Money held by the Bank hereunder shall be held in trust for the benefit of the Registered Owners of the Bonds.

The Bank shall be under no obligation to pay interest on any money received by it hereunder.

All money deposited with the Bank hereunder shall be continuously collateralized by securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

Any money deposited with the Bank for the payment of the principal, redemption premium, if

any, or interest on any Bond and remaining unclaimed by the Registered Owner after the expiration of three years from the date such funds have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended. To the extent such provisions of the Property Code do not apply to the funds; such funds shall be paid by the Bank to the Issuer upon receipt of a written request therefor from the Issuer. The Bank shall have no liability to the Registered Owners of the Bonds by virtue of actions taken in compliance with the foregoing provision. To the extent authorized by law, the City will indemnify and hold the Bank harmless from any liability for actions taken in compliance herewith, and the Bank shall not be answerable except for its own neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Section 3.09. Maintaining Books.

The Bank shall either maintain the books of registration or provide electronic access to the books of registration at a place within the state as required by Section 1203.023 of the Texas Government Code.

ARTICLE FOUR

MISCELLANEOUS PROVISIONS

Section 4.01. May Own Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds; provided that such dealings do not result in a breach of any duties or agreements imposed by this Agreement.

Section 4.02. Amendment.

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

Section 4.03. Assignment.

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

Section 4.04. 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 herein, or such other address as may have been given by one party to the other by 15 days written notice.

Section 4.05 Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 4.06. Successors and Assigns.

All covenants and agreements herein by the Issuer and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 4.07. Severability.

If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 4.08. Benefits of Agreement.

Nothing herein, expressed 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 4.09. Ordinance Governs Conflict.

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

Section 4.10. Term and Termination.

This Agreement shall be effective from and after its date and may be terminated for any reason by the Issuer or the Bank at any time upon 60 days written notice; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder. In the event of early termination regardless of circumstances, the Bank shall deliver to the Issuer or its designee all funds, Bonds and all books and records pertaining to the Bank's role as Paying Agent and Registrar with respect to the Bonds, including, but not limited to, the books of registration.

Section 4.11. Governing Law.

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

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

TOWN OF RANCHO VIEJO, TEXAS

Mayor

ATTEST:

Town Secretary

(SEAL)

By: _____

Name: _____

Title: _____

ATTEST:

Name: _____

Title: _____

EXHIBIT A

PAYING AGENT/REGISTRAR FEES

<u>Payment Date</u>	<u>Interest Rate</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Total Payment</u>
01-01-2013				
06-01-2013				
01-01-2014				
06-01-2014				
01-01-2015				
06-01-2015				
01-01-2016				
06-01-2016				
01-01-2017				
06-01-2017				
01-01-2018				
06-01-2018				
01-01-2019				
06-01-2019				
01-01-2020				
06-01-2020				

01-01-2021

06-01-2021

01-01-2022

06-01-2022

01-01-2023

06-01-2023

01-01-2024

06-01-2024

01-01-2025

06-01-2025

01-01-2026

06-01-2026

MATURITY SCHEDULE

\$572,000

<u>Bond #</u>	<u>Year of Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
R-1	2013		
R-2	2014		
R-3	2015		
R-4	2016		
R-5	2017		
R-6	2018		
R-7	2019		
R-8	2020		
R-9	2021		
R-10	2022		
R-11	2023		
R-12	2024		
R-13	2025		
R-14	2026		
R-15	2027		
R-16	2028		
R-17	2029		
R-18	2030		
R-19	2031		
R-20	2032		
R-21	2033		
R-22	2034		
R-23	2035		
R-24	2036		
R-25	2037		
R-26	2038		
R-27	2039		
R-28	2040		
R-29	2041		
R-30	2042		
R-31	2043		
R-32	2044		
R-33	2045		
R-34	2046		
R-35	2047		
R-36	2048		
R-37	2049		
R-38	2050		
R-39	2051		

PRIVATE PLACEMENT MEMORANDUM DATED September 11, 2012

On the date of initial delivery of the Refunding Bonds (defined below), Issuer's Bond Counsel (defined on page 2) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

**\$572,000
TOWN OF RANCHO VIEJO, TEXAS
(Cameron County)
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2012 (the "Bonds")**

Dated: September 1, 2012

Due: January 1

Interest Date:	Interest on the Bonds will be payable on January 1 and July 1, each year, commencing January 1, 2013, (each an "Interest Payment Date"). The Bonds will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date:	The close of business on the fifteenth business day of the calendar month immediately preceding the applicable Maturity Date.
Date Interest Accrues:	Each Bond shall bear interest from the Delivery Date thereof or the most recent Interest Payment Date to which interest has been paid or provided for at the rate set forth, such interest payable semiannually on January 1, and July 1, of each year until the earliest of maturity or prior redemption.
Redemption:	The Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS - Redemption Provisions" herein.
Authorized Denominations:	The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar") for the Bonds is the International Bank of Commerce, Brownsville, Texas.
Issuer:	Town of Rancho Viejo, Texas
Official Action:	Ordinance, dated September 11, 2012.
Purpose:	See "APPENDIX B - OFFICIAL ACTION."
Security for the Bonds:	See APPENDIX B - OFFICIAL ACTION."
Ratings:	Not Applicable
Delivery Date:	September 27, 2012.

See "APPENDIX A - MATURITY SCHEDULE" for Principal Amounts, Maturities, Interest Rates, Prices or Yields.

Town of Rancho Viejo, Texas
3301 Carmen Avenue, Rancho Viejo, Texas 78575

MEMBERS OF THE GOVERNING BODY

Roberto Medrano	Mayor
Jean Hager	Mayor Pro Tempore
Lupita Cervantes-Carr	Aldерwoman
Maribel B. Guerrero	Aldерwoman
Cyndie Rathbun	Aldерwoman
Bitty Truan	Aldерwoman

Ramirez & Guerrero LLP, San Juan, Texas, Bond Counsel

First Southwest, San Antonio, Texas, Financial Advisor

International Bank of Commerce, Brownsville, Texas, Paying Agent/Registrar

OTHER CONSULTANTS

Long, Chilton, CPA, Harlingen, Texas

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**Private Placement Memorandum
relating to**

\$.572,000

**TOWN OF RANCHO VIEJO, TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
SERIES 2012 (the "Bonds")**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the "Bonds" pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – "FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Bonds. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Bonds. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Bonds. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE BONDS

General Description

The Bonds are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described therein. The Bonds are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Bonds will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."

Interest on the Bonds is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Bonds will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Authority for Issuance

The Bonds are issued pursuant to Texas Government Code Sections 1502 et. seq., as amended, and the Official Action adopted by the Issuer.

Security for the Bonds

See "APPENDIX B - FORM OF OFFICIAL ACTION."

Redemption Provisions

On January 1, 2022, or on any date thereafter, the Bonds maturing on and after January 1, 2023 may be redeemed prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Bonds, or portions thereof within

such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Bonds to Be Redeemed

See "APPENDIX B - FORM OF OFFICIAL ACTION."

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the Delivery Date of the Bonds substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Bonds have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

LITIGATION

General

On the Delivery Date of the Bonds to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Bonds.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Bonds, the security for, or the validity of, the Bonds or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

Because the issue price of the Bonds is less than \$1,000,000, the Issuer will not be obligated to provide (a) certain financial information and/or operating data, (b) timely notice of certain specified events and (c) notice of failure to timely provide financial information and/or operating data and/or notice of specified events in the manner required by the United States of America Securities and Exchange Commission's (the "SEC") Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934.

Compliance with Prior Undertakings

During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements in accordance with SEC Rule 15c2-12

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of 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 the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Purchaser on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Bonds and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

\$572,000

Year of Maturity January 1	Principal Amount	Interest Rate (%)	CUSIP NOS.
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			

APPENDIX B
FORM OF OFFICIAL ACTION
[ATTACH COPY OF OFFICIAL ACTION]

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

RAMIREZ & GUERRERO, L.L.P.

[Closing Date]

\$572,000
Town of Rancho Viejo, Texas
General Obligation Refunding Bonds, Series 2012

WE HAVE ACTED as Bond Counsel for the Town of Rancho Viejo, Texas (the "Town") in connection with the issuance of its General Obligation Refunding Bonds, Series 2012, dated September 1, 2012, in the aggregate principal amount of \$572,000 (the "Bonds").

THE BONDS are being issued pursuant to an Ordinance (the "Ordinance") to refund the Town's currently outstanding Tax Notes, Series 2005 and to pay costs related to the issuance of the Bonds.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. In such capacity we have examined the Constitution and laws of the State of Texas, federal income tax law that we deem applicable, and a transcript of certain certified proceedings pertaining to the issuance of the Bonds as described in the Ordinance. The transcript contains certified copies of certain proceedings of the Town and certain certifications and representations and other material facts within the knowledge and control of the Town, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds. We have also examined executed Bond No. R-1 and a specimen of bonds to be authenticated and delivered in exchange for the Bond.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the Town or the disclosure thereof in connection with the sale of the Bonds.

BASED ON SUCH EXAMINATION, our opinion is as follows:

The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; and the Bonds have been authorized and delivered in accordance with law and constitute valid and legally binding Bonds of the Town in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases;

The Bonds are secured by and payable, both as to principal and interest, solely from a general obligation tax within the limits authorized by state law as described in the Ordinance.

ALSO BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is our further opinion that, subject to the restrictions hereinafter described, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under existing law and is not subject to the alternative minimum tax on individuals or, except as hereinafter described, corporations. Interest on the Bonds, however, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a financial asset securitization investment trust, a Real Estate Investment Trust (REIT), or a Real Estate Mortgage Investment Conduit (REMIC). The Bonds are not "private activity bonds" as defined in the Code. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Town comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted in the Ordinance to comply with each such requirement. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. The Code and the regulations, rulings and court decisions thereunder, upon which the foregoing opinions of Bond Counsel are based, are subject to change, which could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof for federal income tax purposes.

The Town has designated the Bonds as "qualified tax-exempt Bonds" under the Code and has made the representations and covenants which we have not independently verified, necessary to qualify the Bonds as "qualified tax-exempt Bonds." Based on such representations, it is our opinion that the Bonds are "qualified tax-exempt Bonds."

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of Bonds should be aware that the ownership of tax-exempt Bonds such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income credit, individuals who own an interest in a financial asset securitization investment trust, and taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt Bonds. For the foregoing reasons, prospective purchasers should consult their own tax advisors as to the consequences of investing in the Bonds.

Very truly yours,

#12 Public Comment

#13 Adjourn