ORDINANCE NO. ____

**PROVIDING FOR THE ISSUANCE OF $13,235,000 CITY OF COLLEGE STATION, TEXAS, GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2004; AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT, INCLUDING IMMEDIATE EFFECTIVENESS**

WHEREAS, it is deemed advisable and to the best interest of the City of College Station (the "City" or the "Issuer") that certain bonds authorized at elections previously held in said City be combined in a single issue and sold at this time, the dates of election, amount of bonds authorized thereat, purpose, amount of bonds previously sold, and the amount now to be sold being as follows:

| DATE OF ELECTION | AMOUNT AUTHORIZED | PURPOSE | AMOUNT PREVIOUSLY SOLD | AMOUNT NOW OFFERED |
|---|---|---|---|---|
| November 3, 1998 | $ 3,640,000 | Drainage Improvements | $ 2,785,000 | $ 855,000 |
| November 4, 2003 | 17,835,000 | Street Improvements | -0- | 1,050,000 |
| November 4, 2003 | 3,000,000 | Traffic Safety System Improvements | -0- | 550,000 |
| November 4, 2003 | 7,610,000 | Municipal Complex Improvements | -0- | 3,955,000 |
| November 4, 2003 | 8,105,000 | Park and Recreation Improvements | -0- | 150,000 |
| November 4, 2003 | 1,710,000 | Fire Station Improvements | -0- | 400,000 |
| | $ 41,900,000 | | $ 2,785,000 | $6,960,000 |

WHEREAS, the bonds hereinafter authorized for such purpose are to be issued and delivered pursuant to Chapters 1251 and 1331, Texas Government Code, as amended, and the Charter of the City; and

WHEREAS, the City Council of the City has determined to refund certain of the outstanding obligations of the City described in Schedule I to this Ordinance (the "Refunded Obligations") to achieve a debt service savings with respect to Refunded Obligations; and

WHEREAS, the bonds hereinafter authorized for such purpose are to be issued and delivered pursuant to Chapter 1207, Texas Government Code.

**THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:**

1. **BONDS TO BE SOLD; SERIES DESIGNATION.** That the bond or bonds of the City to be called "**City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2004**" (the "Bonds" or the "Series 2004 Bonds"), be issued under and by virtue of the Constitution and laws of the State of Texas and the Charter of said City, in the aggregate principal amount of $13,235,000 for the purpose of (i) financing permanent improvements to the City, to-wit, drainage improvements, street improvements, traffic safety system improvements, park and recreation improvements, municipal complex improvements, and fire station improvements, as provided in the preamble to this Ordinance; (ii) refunding the Refunded Obligations; and (iii) paying the costs of issuance of the Series 2004 Bonds.

2. **MATURITY SCHEDULE.** That the Series 2004 Bonds shall be dated May 1, 2004, shall be in the denomination of $5,000 each, or any integral multiple thereof, shall be numbered consecutively from R-1 upward, and shall mature on the maturity date, in each of the years, and in the amounts, respectively, as set forth in the following schedule:

MATURITY DATE: FEBRUARY 15

| YEARS | AMOUNTS ($) | YEARS | AMOUNTS ($) |
|---|---|---|---|
| 2005 | 805,000 | 2015 | 335,000 |
| 2006 | 925,000 | 2016 | 345,000 |
| 2007 | 905,000 | 2017 | 360,000 |
| 2008 | 885,000 | 2018 | 370,000 |
| 2009 | 925,000 | 2019 | 385,000 |
| 2010 | 1,160,000 | 2020 | 400,000 |
| 2011 | 1,145,000 | 2021 | 420,000 |
| 2012 | 1,130,000 | 2022 | 435,000 |
| 2013 | 865,000 | 2023 | 455,000 |
| 2014 | 510,000 | 2024 | 475,000 |

3. **REDEMPTION PROVISIONS.** (a) That the City reserves the right to redeem the Series 2004 Bonds maturing on or after February 15, 2014, in whole or in part, on February 15, 2013, or on any date thereafter, for the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The years of maturity of the Series 2004 Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Series 2004 Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar (hereinafter defined); *provided*, that during any period in which ownership of the Series 2004 Bonds is determined only by a book entry at a securities depository for the Series 2004 Bonds, if fewer than all of the Series 2004 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2004 Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository. The City shall notify the Paying Agent/Registrar at least forty-five (45) days prior to the scheduled redemption date that a redemption of the Series 2004 Bonds is to be effected.

(b) The Bonds are not subject to mandatory sinking fund redemption prior to their scheduled maturities.

(c) At least 30 days prior to the date fixed for any such redemption the City shall cause a written notice of such redemption to be deposited in the United States Mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the

Series 2004 Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2004 Bonds or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2004 Bonds or any portion thereof. If a portion of any Series 2004 Bond shall be redeemed a substitute Series 2004 Bond or Series 2004 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 an 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 City, all as provided in this Ordinance. In addition to the foregoing, the City shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof. The failure to cause such notice to be given, however, or any defect therein, shall not affect the validity or effectiveness of such redemption.

4. **INTEREST.** That the Series 2004 Bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

| | |
|---|---|
| maturities 2005, _____% | maturities 2015, _____% |
| maturities 2006, _____% | maturities 2016, _____% |
| maturities 2007, _____% | maturities 2017, _____% |
| maturities 2008, _____% | maturities 2018, _____% |
| maturities 2009, _____% | maturities 2019, _____% |
| maturities 2010, _____% | maturities 2020, _____% |
| maturities 2011, _____% | maturities 2021, _____% |
| maturities 2012, _____% | maturities 2022, _____% |
| maturities 2013, _____% | maturities 2023, _____% |
| maturities 2014, _____% | maturities 2023, _____% |

Said interest shall be payable to the registered owner of any such Series 2004 Bond in the manner provided and on the dates stated in the FORM OF BOND.

5. **ADDITIONAL CHARACTERISTICS OF THE BONDS.** (a) That the City shall keep or cause to be kept at the designated corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of JPMorgan Chase Bank (the "Paying Agent/Registrar"), or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below, books or records of the registration and transfer of the Series 2004 Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered

owner of each bond to which payments with respect to the Series 2004 Bonds shall be mailed, as herein provided. The City or its designee shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Series 2004 Bond may be transferred in the Registration Books only upon presentation and surrender of such bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such bond, or any portion thereof in any integral multiple of $5,000, to the assignee or assignees thereof, and the right of such assignee or assignees to have such bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series 2004 Bond or any portion thereof, a new substitute bond or bonds shall be issued in exchange therefor in the manner herein provided.

(b) The entity in whose name any Series 2004 Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether or not such bond shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2004 Bonds, and to act as its agent to exchange or replace Series 2004 Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Series 2004 Bonds, and of all exchanges thereof, and all replacements thereof, as provided in this Ordinance.

(d) Each Series 2004 Bond may be exchanged for fully registered bonds in the manner set forth herein. Each bond issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount thereof, may, upon surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in the denomination of $5,000, or any integral multiple thereof (subject to the requirement hereinafter stated that each substitute bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Series 2004 Bond or Series 2004 Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2004 Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute bond or bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of $5,000 at the request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Series 2004 Bond or portion thereof is assigned and transferred, each bond

issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the bond for which it is being exchanged. Each substitute bond shall bear a letter and/or number to distinguish it from each other bond. The Paying Agent/Registrar shall exchange or replace Series 2004 Bonds as provided herein, and each fully registered bond or bonds delivered in exchange for or replacement of any Series 2004 Bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Series 2004 Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Series 2004 Bond delivered in exchange for or replacement of another Series 2004 Bond prior to the first scheduled interest payment date on the Series 2004 Bonds (as stated on the face thereof) shall be dated the same date as such Series 2004 Bond, but each substitute bond so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute bond is delivered, unless such substitute bond is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; *provided, however*, that if at the time of delivery of any substitute bond the interest on the bond for which it is being exchanged has not been paid, then such substitute bond shall be dated as of the date to which such interest has been paid in full. On each substitute bond issued in exchange for or replacement of any Series 2004 Bond or Series 2004 Bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM OF BOND (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute bond, date such substitute bond in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Series 2004 Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Series 2004 Bond or portion hereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute bonds in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Series 2004 Bond as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2004 Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Series 2004 Bond so selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Series 2004 Bond.

(e) All Series 2004 Bonds issued in exchange or replacement of any other Series 2004 Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2004 Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2004 Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Series 2004 Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges

for making transfers of Series 2004 Bonds, but the registered owner of any Series 2004 Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Series 2004 Bond requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such bond or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred bond or bonds or any portion or portions thereof in any integral multiple of $5,000, and in the case of the exchange of the unredeemed portion of a Series 2004 Bond which has been redeemed in part prior to maturity, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Series 2004 Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Series 2004 Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Series 2004 Bonds solely to the extent above provided, and with respect to the exchange of Series 2004 Bonds solely to the extent above provided.

(g) The City covenants with the registered owners of the Series 2004 Bonds that at all times while the Series 2004 Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, or other entity duly qualified and legally authorized to act as and perform the services of Paying Agent/Registrar for the Series 2004 Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that it will promptly appoint a competent and legally qualified national or state banking institution which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Series 2004 Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2004 Bonds, by United States Mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) (i) In addition to the manner of providing notice of redemption of Series 2004 Bonds as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Series 2004 Bonds by United States mail, first-class postage prepaid, at least 30 days prior to a redemption date to each NRMSIR (as defined in Section 14 hereof) and the SID (as defined in Section 14 hereof). In addition, in the event of a redemption caused by an advance refunding of the Series 2004 Bonds, the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least 30 days but not more than 90 days prior to the actual redemption date. Any notice sent to the NRMSIRs or the SID shall be sent so that they are received at least two 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 owner of any Series 2004

Bond who has not sent the Series 2004 Bonds in for redemption 60 days after the redemption date.

(ii) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Ordinance, shall contain a description of the Series 2004 Bonds to be redeemed, including the complete name of the Series 2004 Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each certificate, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2004 Bond may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Series 2004 Bonds shall include CUSIP numbers relating to each amount paid to such registered owner.

6. **FORM OF BONDS.** That the form of all Series 2004 Bonds, including the form of the Authentication Certificate, the form of Assignment, and the form of the Comptroller's Registration Certificate to accompany the Series 2004 Bonds on the initial delivery thereof, shall be, respectively, substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance. The printer of the Series 2004 Bonds is hereby authorized to print on the Series 2004 Bonds (i) the form of bond counsel's opinion relating to the Series 2004 Bonds, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Series 2004 Bonds.

7. **LEVY OF TAX; INTEREST AND SINKING FUND.** That a special fund or account, to be designated the "**City of College Station, Texas Series 2004 General Obligation Improvement and Refunding Bonds Interest and Sinking Fund**" (the "Interest and Sinking Fund") is hereby created and shall be established and maintained at an official depository of the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Series 2004 Bonds. All ad valorem taxes levied and collected for and on account of the Series 2004 Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Series 2004 Bond is outstanding and unpaid, the City Council of the City shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Series 2004 Bonds as such interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Series 2004 Bonds as such principal matures, but never less than 2% of the outstanding principal amount of the Series 2004 Bonds as a sinking fund each year. Said rate and amount of ad valorem tax is hereby ordered to be levied and is hereby levied against all taxable property in the City for each year while any Series 2004 Bond is outstanding and unpaid, and said ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Said ad valorem taxes necessary to pay the interest on and principal of the Series 2004 Bonds, as such interest comes due, and such principal matures or comes due through operation of the mandatory sinking fund redemption, if any, as provided in the FORM OF BOND, are hereby pledged for such purpose, within the limit prescribed by law. There shall be appropriated from the General Fund of the City for deposit

into the Interest and Sinking Fund moneys as may be necessary to pay the principal and interest payments on the Series 2004 Bonds scheduled to occur on or before February 15, 2005. Money in the Interest and Sinking Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law and the City's investment policy. Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the owners of the Series 2004 Bonds and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund. Interest and income derived from the investment of money in the Interest and Sinking Fund shall be credited thereto.

8. **DAMAGED, LOST, STOLEN OR DESTROYED BONDS.** (a) That in the event any outstanding Series 2004 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2004 Bond, in replacement for such Series 2004 Bond in the manner hereinafter provided.

(b) Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2004 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2004 Bond, the applicant for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Series 2004 Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Series 2004 Bond, as the case may be. In every case of damage or mutilation of a Series 2004 Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Series 2004 Bond so damaged or mutilated.

(c) Notwithstanding the foregoing provisions of this Section, in the event any such Series 2004 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Series 2004 Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2004 Bond) instead of issuing a replacement Series 2004 Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Series 2004 Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2004 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Series 2004 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Series 2004 Bonds duly issued under this Ordinance.

(e) In accordance with Chapter 1206, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, subject to the conditions imposed by this Section 8 of this Ordinance, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 5(d) of this Ordinance for Series 2004 Bonds issued in exchange for other Series 2004 Bonds.

9. **SUBMISSION OF PROCEEDINGS TO ATTORNEY GENERAL.** That the Mayor or the designee thereof is hereby authorized to have control of the Series 2004 Bonds and all necessary

records and proceedings pertaining to the Series 2004 Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Series 2004 Bonds, said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Series 2004 Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each such certificate. After registration by said Comptroller, delivery of the Bonds shall be made to the representative for the underwriters named in Section 10 below under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

10. **SALE OF BONDS.** (a) That the sale of the Bonds to Coastal Securities, as representative for the underwriters named in the Bond Purchase Agreement (the "Purchase Agreement") between the City and the underwriters named therein (the "Underwriters"), at the purchase price described in the Purchase Agreement, is hereby authorized, ratified and confirmed. One Bond in the principal amount maturing on each maturity date as set forth in Section 2 hereof shall be delivered to the Underwriters, and the Underwriters shall have the right to exchange such Bonds as provided in Section 5 hereof without cost.

(b) That the Purchase Agreement setting forth the terms of the sale of the Bonds to the Underwriters, in substantially the form attached to this Ordinance, is hereby accepted, approved and authorized to be delivered in executed form to the Underwriters.

(c) That the "Official Statement" prepared in connection with the sale of the Bonds, in substantially the form attached to this Ordinance, is hereby accepted, approved and authorized to be delivered in executed form to the Underwriters. The use of the "Preliminary Official Statement" prepared in connection with the sale of the Bonds is hereby ratified.

(d) That the Mayor, City Manager and the Director of Fiscal Services each is authorized, in connection with effecting the sale of the Bonds, to obtain from _____ (the "Insurer") a municipal bond insurance policy in support of the Bonds. To that end, for so long as such policy is in effect, the requirements of the Insurer relating to the issuance of said policy is incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary.

11. **FEDERAL TAX COVENANTS.** That the Issuer covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Series 2004 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986 (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Series 2004 Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Series 2004 Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Series 2004 Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(c) to take any action to assure that no amount which is greater than the lesser of $5,000,000, or 5 percent of the proceeds of the Series 2004 Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(d) to refrain from taking any action which would otherwise result in the Series 2004 Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action that would result in the Series 2004 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Series 2004 Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Series 2004 Bonds, other than investment property acquired with --

(1) proceeds of the Series 2004 Bonds invested for a reasonable temporary period of three years or less, or 90 days or less in the case of a current refunding, or 30 days or less in the case of an advance refunding, until such proceeds are needed for the purpose for which the bonds are issued,

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

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Series 2004 Bonds;

(g) to otherwise restrict the use of the proceeds of the Series 2004 Bonds or amounts treated as proceeds of the Series 2004 Bonds, as may be necessary, so that the Series 2004 Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2004 Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings", within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Series 2004 Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess

Earnings under section 148(f) of the Code.

For purposes of the foregoing clauses (a) and (b) above, the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of the foregoing, the Mayor, the City Manager, any Assistant City Manager, and the Director of Fiscal Services may execute any certificates or other reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

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

12. **ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT.** That the City covenants to account for on its books and records the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the purposes described in clause (i) of Section 1 of this Ordinance (such purposes referred to herein and Section 13 hereof as a "Project") in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired. The City agrees to obtain the advice of a nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of a nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

13. **DISPOSITION OF PROJECT.** That the City covenants that the property financed or refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion

of a nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds or the Refunded Obligations. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the City shall not be obligated to comply with this covenant if it obtains an opinion of a nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

14. **CONTINUING ONGOING DISCLOSURE.** (a) *Definitions.* That as used in this Section, the following terms have the meanings ascribed to such terms below:

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

"*NRMSIR*" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

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

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

"*SID*" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(b) *Annual Reports.* (i) The City shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2004, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 10 of this Ordinance, being the information described in Exhibit B hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide unaudited financial statements by the required time, and shall provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements becomes available.

(ii) If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(c) *Material Event Notices.* The City shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Series 2004 Bonds, if such event

is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Series 2004 Bonds;
7. Modifications to rights of holders of the Series 2004 Bonds;
8. Series 2004 Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2004 Bonds; and
11. Rating changes.

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

(d) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Series 2004 Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes any Series 2004 Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Series 2004 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2004 Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY SERIES 2004 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City in observing or performing its obligations under this Section shall

comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Series 2004 Bonds in the primary offering of the Series 2004 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Series 2004 Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally-recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Series 2004 Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2004 Bonds in the primary offering of the Series 2004 Bonds.

15. **DEFEASANCE.** (a) *Defeased Bonds.* That any Series 2004 Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Series 2004 Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2004 Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 15(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) the Issuer gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) the Issuer directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) *Investment in Defeasance Securities.* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 15(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) *Defeasance Securities Defined.* The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) *Paying Agent/Registrar Services.* Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

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

16. **BOOK-ENTRY ONLY SYSTEM.** That the Series 2004 Bonds initially shall be issued and delivered in such manner that no physical distribution of the Series 2004 Bonds will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Series 2004 Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Series 2004 Bonds initially authorized by this Ordinance intended to be held by DTC shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Series 2004 Bonds

on behalf of the Underwriters (as defined in Section 10) and their participants. So long as each Series 2004 Bonds is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Series 2004 Bonds in integral amounts of $5,000, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Series 2004 Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Series 2004 Bonds except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Series 2004 Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Series 2004 Bonds, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Series 2004 Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Series 2004 Bonds will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Series 2004 Bonds. In connection with the initial establishment of the foregoing book-entry system with DTC, the City heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

17. **REASONS FOR REFUNDING.** That the City is refunding the Refunded Obligations to produce a net present value savings of $_____ and a gross savings of $_____.

18. **ESCROW AGREEMENT.** That concurrently with the delivery of the Bonds the City shall cause to be deposited with the "Escrow Agent" named in the hereinafter described Escrow Agreement, from the proceeds from the sale of the Bonds and other available moneys of the City, all as described in the letter of instructions referred to in Section 20 hereof, an amount sufficient to provide for the refunding of the Refunded Obligations in accordance with Chapter 1207, Texas Government Code. The City Manager and City Secretary are hereby authorized, for and on behalf of the City, to execute an "Escrow Agreement" with the aforesaid Escrow Agent to accomplish such purposes, in substantially the form and substance attached to this Ordinance.

19. **REDEMPTION OF REFUNDING OBLIGATIONS.** That the City hereby determines that, subject to the delivery of the Bonds, the Refunded Obligations shall be called for redemption on the dates, and at the applicable redemption price to the date fixed for redemption, as provided in Schedule I attached to this Ordinance, all in accordance with the applicable provisions of the ordinances authorizing the issuance of the series of the Refunded Obligations. The City Manager or the designee thereof shall take such actions as are necessary to cause the required notice of redemption to be given in accordance with the terms of the ordinance authorizing the issuance of the Refunded Obligations called for redemption.

20. **USE OF BOND PROCEEDS.** That the proceeds from the sale of the Bonds shall be used in the manner described in a letter of instructions prepared by the City or on behalf of the City

by the City's financial advisor. The foregoing notwithstanding, proceeds representing accrued interest on the Bonds shall be deposited to the credit of the Interest and Sinking Fund, and proceeds representing premium on the Bonds shall be used in a manner consistent with the provisions of Section 1201.029, Texas Government Code. Any amounts remaining after completion of the improvements described in clause (i) of Section 1 hereof shall be transferred FIRST to the Rebate Fund, to the extent required by Section 11 hereof, and THEREAFTER to the Interest and Sinking Fund.

21. **OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY.** That the Mayor, the City Secretary, the City Manager, any Assistant City Manager or the Director of Fiscal Services of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the offering documents prepared in connection with the sale of the Bonds, or the Paying Agent/Registrar Agreement. In case any officer whose signature appears on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery.

22. **PREAMBLE**. That the preamble to this Ordinance is incorporated by reference and made a part hereof for all purposes.

23. **MISCELLANEOUS PROVISIONS**. (a) **Titles Not Restrictive**. That the titles assigned to the various sections of this Ordinance are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Ordinance.

(b) **Rules of Construction**. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as may be described herein. References to the FORM OF BOND in this Ordinance refer to the FORM OF BOND set forth in Exhibit A to this Ordinance.

(c) **Inconsistent Provisions**. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed and declared to be inapplicable, and the provisions of this Ordinance shall be and remain controlling as to the matters prescribed herein.

(d) **Severability**. If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance shall nevertheless be valid and the City hereby declares that this Ordinance would have been enacted without such invalid word, phrase, clause, paragraph, sentence,

part, portion, or provisions.

(e) **Governing Law**. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas.

(f) **Open Meeting**. The City officially finds and determines that the meeting at which this Ordinance is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code.

(g) **Immediate Effect**. In accordance with the provisions of Section 1201.028, Texas Government Code, this Ordinance shall be effective immediately upon its adoption by the City Council.

PASSED AND APPROVED this April 29, 2004.

| | |
|---|---|
| City Secretary, City of College Station, Texas | Mayor, City of College Station, Texas |

(CITY SEAL)

APPROVED:

McCall, Parkhurst & Horton L.L.P.
Bond Counsel

## SCHEDULE I

## DESCRIPTION OF REFUNDED OBLIGATIONS

The following obligations are the "Refunded Obligations", as defined in the Ordinance:

CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION AND REFUNDING BONDS, SERIES 1991, all obligations maturing on February 15 in each of the years 2010 through 2012, inclusive, aggregating $750,000 in principal amount; REDEMPTION DATE: July 1, 2004; REDEMPTION PRICE: par plus accrued interest.

CITY OF COLLEGE STATION, TEXAS PUBLIC IMPROVEMENT AND REFUNDING GENERAL OBLIGATION BONDS, SERIES 1994, all obligations maturing on February 15 in each of the years 2005 through 2014, inclusive, aggregating $2,750,000 in principal amount; REDEMPTION DATE: July 1, 2004; REDEMPTION PRICE: par plus accrued interest.

CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION BONDS, SERIES 1995, all obligations maturing on February 15 in each of the years 2006 through 2013, inclusive, aggregating $2,650,000 in principal amount; REDEMPTION DATE: February 15, 2005; REDEMPTION PRICE: par plus accrued interest.

EXHIBIT A

FORM OF BOND

NO. ____ $_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF COLLEGE STATION, TEXAS
GENERAL OBLIGATION IMPROVEMENT AND
REFUNDING BONDS, SERIES 2004

| MATURITY DATE | INTEREST RATE | ORIGINAL ISSUE DATE | CUSIP |
|---|---|---|---|
| | | May 1, 2004 | |

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF COLLEGE STATION, TEXAS (the "Issuer"), a home-rule municipality located Brazos County, Texas, hereby promises to pay to

_____

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of:

_____ DOLLARS

and to pay interest thereon, from the Original Issue Date specified above, to the maturity date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on February 15, 2005, and semiannually on each August 15 and February 15 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than February 15, 2005, such interest is payable semiannually on each August 15 and February 15 following such date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or redemption prior to maturity at the designated corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office"), of JPMorgan Chase Bank, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day of the month next preceding such interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof at its address as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of

this Bond for redemption and payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Bonds (the "Ordinance") the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Issuer and the securities depository.

THIS BOND is one of a Series of Bonds of like tenor and effect except as to number, principal amount, interest rate, maturity and option of redemption, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of $13,325,000, for the following purposes, to-wit: to construct street improvements, traffic safety system improvements, parks and recreation improvements, municipal complex improvements and fire station improvements; to refund the City's "Refunded Obligations" (as such term is defined in the Ordinance); and to pay the costs incurred in connection with the issuance of the Bonds.

ON FEBRUARY 15, 2013, or on any date thereafter, the Bonds of this Series maturing on February 15, 2014 and thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. 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 Issuer, all as provided in the Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of $5,000. As provided in the Ordinance, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of $5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of $5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Bond or portion thereof. The foregoing notwithstanding, in the case of the exchange of a portion of a Bond which has been redeemed prior to maturity, as provided herein, and in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, neither the Issuer nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring

this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond, and the series of which it is a part, is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of this series of bonds, and of this Bond, have been properly done and performed and have happened in regular and due time, form and manner as required by law; that sufficient and proper provision for the levy and collection of ad valorem taxes has been made, which, when collected, shall be appropriated exclusively to the payment of this Bond and the series of which it is a part; and that the total indebtedness of the City of College Station, Texas, including the entire series of bonds of which this is one, does not exceed any constitutional or statutory limitation.

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

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary of the City, has caused the official seal of the City to be duly impressed, or placed in facsimile, on this Bond.

| | |
|---|---|
| City Secretary<br>City of College Station, Texas | Mayor<br>City of College Station, Texas |

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE:

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

JPMORGAN CHASE BANK,
Paying Agent/Registrar

By_____
Authorized Representative

FORM OF COMPTROLLER'S CERTIFICATE (ATTACHED TO THE BONDS UPON INITIAL DELIVERY THEREOF):

OFFICE OF COMPTROLLER :

REGISTER NO. _____

STATE OF TEXAS :

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of College Station, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Bond has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas _____.

_____

Comptroller of Public Accounts
of the State of Texas

(SEAL)

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

Please insert Social Security or Taxpayer
Identification Number of Transferee

_____
/_____/

_____

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

_____

the within Bond and all rights thereunder, and hereby

irrevocably constitutes and appoints _____

_____

attorney to register the transfer of the within Bond on the

books kept for registration thereof, with full power of

substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

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

_____

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

The printer of the Series 2004 Bonds is hereby authorized to print on the Series 2004 Bonds (i) the form of bond counsel's opinion relating to the Series 2004 Bonds, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Series 2004 Bonds.

**Exhibit B**
**to**
**Ordinance**

## DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 14 of this Ordinance.

### Annual Financial Statements and Operating Data

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

1. The "Audit Report" for the most recently concluded fiscal year.

2. The information included in the Official Statement under the following captions, but for the most recently concluded fiscal year: Tables 1 through 6 and Tables 8 through 13 and Appendix B.

### Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 described above, as such principles may be changed from time to time to comply with state law or regulation.