



Mayor
Ben White
Mayor Pro Tem

Councilmembers
John Crompton
James Massey
Ron Gay
Lynn McIlhaney
Chris Scotti
David Ruesink

City Manager
Glenn Brown

Agenda
College Station City Council
Regular Meeting
Thursday, July 12, 2007 at 7:00 p.m.
City Hall Council Chamber, 1101 Texas Avenue
College Station, Texas

1. Pledge of Allegiance, Invocation, Consider absence requests

Hear Visitors: Any citizen may address the City Council on any item which does not appear on the posted Agenda. Registration forms are available in the lobby and at the desk of the City Secretary. This form should be completed and delivered to the City Secretary by 6:45 p.m. Please limit remarks to three minutes. A timer alarm will sound after 2 1/2 minutes to signal that you have thirty seconds remaining so that you may conclude your remarks. The City Council will receive the information, ask staff to look into the matter, or place the issue on a future agenda. Topics of operational concerns shall be directed to the City Manager.

Consent Agenda

Individuals who wish to address the City Council on a consent or regular agenda item not posted as a public hearing shall register with the City Secretary prior to the Mayor's reading of the agenda item. Registration forms are available in the lobby and at the desk of the City Secretary. The Mayor will recognize individuals who wish to come forward to speak for or against the item. The speaker will please state their name and address for the record and provided three minutes. A timer alarm will sound after 2 1/2 minutes to signal thirty seconds remaining so that the speaker may conclude your remarks.

Vision Statement I - Core Services

Professionals providing world-class customer focused services at a competitive cost through innovation and planning.

Vision Statement II – Parks and Leisure Services

Professionals providing a wide range of leisure, recreational, educational, and cultural opportunities.

Vision Statement III – Planning and Development

Professionals who plan and develop a sustainable community balancing neighborhood and community interests.

Vision Statement IV – Economic Development

Professionals promoting a robust, sustainable, growing, and diverse economic environment.

2. Presentation, possible action, and discussion of consent agenda items which consists of ministerial or “housekeeping” items required by law. Items may be removed from the consent agenda by majority vote of the Council.
 - a. Presentation, possible action, and discussion regarding contract #07-209, a Consultant Contract to Zachry Associates, Inc. for an amount not to exceed \$64,000.00 for the development of a marketing plan and delivery of marketing materials to promote the 'Memorial Cemetery of College Station' and the 'Aggie Field of Honor'.
 - b. Presentation, discussion and possible action regarding a resolution approving a construction contract with Bayer Construction Electrical Contractors, Inc., in the amount of \$102,462.12 for street lighting installations on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Rd. and along Hwy 40 at the new Arrington Rd intersection.
 - c. Presentation, possible action, and discussion regarding a resolution of the City Council of the City of College Station, Texas, approving the name "Memorial Cemetery of College Station" for the new municipal cemetery to be located at 3800 Raymond Stotzer Parkway and approving the name "Aggie Field of Honor" for a portion of that new cemetery.
 - d. Presentation, discussion and possible action on the first renewal of bid #06-112 to Acklam Construction Company in an amount not to exceed \$424,500.00 for the annual blanket order of concrete curb/gutter & flatwork used to maintain City infrastructure.
 - e. Presentation, possible action, and discussion on a resolution approving Notices of Sale, Preliminary Official Statements and related materials for the sale of "City of College Station, Texas General Obligation Improvement Bonds, Series 2007" and "City of College Station, Texas Certificates of Obligation, Series 2007", and "City of College Station, Texas Utility System Revenue Bonds, Series 2007" including selection of a date for opening bids.
 - f. Presentation, possible action, and discussion regarding approval of a resolution awarding contract number 07-210, a construction contract with Brazos Paving, Inc., in the amount of \$76,389.65 for the construction of additional parking spaces for Lincoln Center located at 1000 Eleanor.

- g. Presentation, possible action, and discussion on ratification and approval of contracts for employee insurance from 2004, 2005, and 2006 with Blue Cross/Blue Shield for the health plan, and the 2005 contract with The Standard Insurance Company.
- h. Presentation, possible action, and discussion on approval of 2007 contracts for employee insurance with Pharmacare, Interface EAP, The Standard Insurance Company, and Blue Cross Blue Shield for the health plan and reinsurance (stop loss).
- i. Presentation, possible action, and discussion on approval of minutes for City Council meetings of June 28, 2007.

Regular Agenda

Individuals who wish to address the City Council **on a regular agenda item not posted as a public hearing** shall register with the City Secretary prior to the Mayor's reading of the agenda item. The Mayor will recognize you to come forward to speak for or against the item. The speaker will state their name and address for the record and allowed three minutes. A timer alarm will sound after 2 1/2 minutes to signal thirty seconds remaining so that the speaker may conclude your remarks.

Individuals who wish to address the City Council on an item **posted as a public hearing** shall register with the City Secretary prior to the Mayor's announcement to open the public hearing. The Mayor will recognize individuals who wish to come forward to speak for or against the item. The speaker will state their name and address for the record and allowed three minutes. A timer alarm will sound after 2 1/2 minutes to signal thirty seconds remaining so that the speaker may conclude your remarks. After a public hearing is closed, there shall be no additional public comments. If Council needs additional information from the general public, some limited comments may be allowed at the discretion of the Mayor.

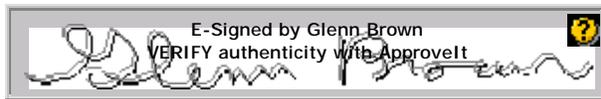
If an individual does not wish to address the City Council, but still wishes to be recorded in the official minutes as being in support or opposition to an agenda item, the individual may complete the registration form provided in the lobby by providing the name, address, and comments about a city related subject. These comments will be referred to the City Council and City Manager.

1. Public Hearing, possible action, and discussion on an ordinance Budget Amendment #2 amending ordinance number 2923 which will amend the budget for the 2006-2007 Fiscal Year and authorizing amended expenditures in the amount of \$4,428,586.
2. Public Hearing, presentation, possible action, and discussion approving an ordinance vacating and abandoning a 1259 square foot portion of a fifteen (15) foot wide public utility easement, which is located along the common property line of Lot 8D & 8E of Block D of the Ashford Square Subdivision

3. Presentation, possible action, and discussion regarding the need to expand the Larry J. Ringer Library to meet current and future needs in the community.
4. Presentation, possible action and discussion regarding rejecting bid proposals received from Bid Number 07-77; and, approving one of two resolutions for a construction contract for Gabbard Park Improvements, Bid Number 07-89.
5. Presentation, possible action and discussion regarding appointments to citizen boards and committees such as the Cemetery Committee, Construction Board of Adjustments and Appeals, Historic Preservation Committee, Northgate Tax Increment Finance Board, Parks and Recreation Board, Planning and Zoning Commission, Design Review Board, Zoning Board of Adjustments, Convention and Visitors Bureau Board of Directors, Arts Council Board of Directors, Research Valley Partnership Board of Directors
6. Presentation, possible action and discussion regarding the appointment of an internal auditor.
7. The City Council may convene the executive session following the regular meeting to discuss matters posted on the executive session agenda for July 12, 2007.
8. Final action on executive session, if necessary.
9. Adjourn.

If litigation issues arise to the posted subject matter of these Council Meetings an executive session will be held.

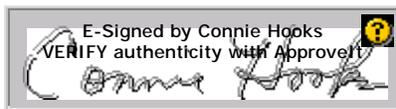
APPROVED:



City Manager

Notice is hereby given that a Regular Meeting of the City Council of the City of College Station, Texas will be held on the Thursday, July 12, 2007 at 7:00 p.m. at the City Hall Council Chambers, 1101 Texas Avenue, College Station, Texas. The following subjects will be discussed, to wit: See Agenda.

Posted this the 9th day of July 2007 at 2:30 p.m.



City Secretary

I, the undersigned, do hereby certify that the above Notice of Meeting of the Governing Body of the City of College Station, Texas, is a true and correct copy of said Notice and that I posted a true and correct copy of said notice on the bulletin board at City Hall, 1101 Texas Avenue, in College Station, Texas, and the City’s website, www.cstx.gov . The Agenda and Notice are readily accessible to the general public at all times. Said Notice and Agenda were posted on July 9, 2007 at 2:30 p.m. and remained so posted continuously for at least 72 hours proceeding the scheduled time of said meeting.

This public notice was removed from the official posting board at the College Station City Hall on the following date and time: _____ by _____.

Dated this ____ day of _____, 2007.

By _____

Subscribed and sworn to before me on this the ____ day of _____, 2007.

Notary Public – Brazos County, Texas

My commission expires: _____

The building is wheelchair accessible. Handicap parking spaces are available. Any request for sign interpretive service must be made 48 hours before the meeting. To make arrangements call (979) 764-3517 or (TDD) 1-800-735-2989. Agendas may be viewed on www.cstx.gov . Council meetings are broadcast live on Cable Access Channel 19.

July 12, 2007
Consent Agenda Item #
Cemetery Marketing Consultant Contract

To: Glenn Brown, City Manager

From: Steve Beachy, Director Parks and Recreation

Agenda Caption: Presentation, possible action, and discussion regarding contract #07-209, a Consultant Contract to Zachry Associates, Inc. for an amount not to exceed \$64,000.00 for the development of a marketing plan and delivery of marketing materials to promote the 'Memorial Cemetery of College Station' and the 'Aggie Field of Honor'.

Recommendation(s): Staff recommends award of the contract to Zachry Associates, Inc.

Summary: This contract is for the development of a comprehensive marketing plan for the new 'Memorial Cemetery of College Station' and the 'Aggie Field of Honor'. In addition, the firm will develop and deliver the identity of the project as well as print, web, and video based graphics and verbiage to assist in the marketing of this facility. RFP #07-82 was released on May 19, 2007, and an e-mail notice of the RFP was sent to 142 firms. Twenty firms downloaded the information and one response was received by the May 31, 2007 deadline.

Budget & Financial Summary: Funds for this item are not currently in the 2007-2008 budget. It is recommended that interest income from the General Government Capital Projects Fund be used for this project. Funds are available in the fund balance of the General Government Capital Projects Fund. This item will be included on the next budget amendment.

Attachments:

1. Marketing Consultant Contract #07-209

CONSULTANT CONTRACT

This Contract is by and between the City of College Station, a Texas Municipal Home-Rule Corporation (the "City") and Zachry Associates, Inc. a Texas Corporation (the "Contractor"), whereby Contractor agrees to perform and the City agrees to pay for the work described herein.

ARTICLE I

1.01 This Contract is for the development of a marketing plan and materials for the Memorial Cemetery of College Station with the Aggie Field of Honor (the "Project"). The scope and details of the work to be provided to the City by Contractor are set forth in Exhibit "A" to this Contract and are incorporated as though fully set forth herein by reference. Contractor agrees to perform or cause the performance of all the work described in Exhibit "A."

1.02 Contractor agrees to perform the work described in Exhibit "A" hereto and the City agrees to pay Contractor a fee based on the rates set forth in Exhibit "B" to this Contract for the services performed by Contractor. The invoices shall be submitted to the City following the 15th day and the last day of each month. The payment terms are net payable within thirty (30) calendar days of the City's receipt of the invoice. Upon termination of this Contract, payments under this paragraph shall cease, provided, however, that Contractor shall be entitled to payments for work performed in accordance with this Contract before the date of termination and for which Contractor has not yet been paid.

1.03 The total amount of payment, including reimbursements, by the City to Contractor for all services to be performed under this Contract may not, under any circumstances, exceed Sixty Four Thousand Dollars and No Cents (\$64,000.00).

1.04 The City may from time to time request changes in the scope and focus of the activities, investigations, and studies conducted or to be conducted by Contractor pursuant to this Contract, provided, however, that any such change that in the opinion of Contractor, the City Manager, or the City's Project Manager varies significantly from the scope of the work set out herein and would entail an increase in cost or expense to the City shall be mutually agreed upon in advance in writing by Contractor and the City's Project Manager.

1.05 Written change orders may be approved by the City Manager or his delegate provided that the change order does not increase the amount set forth in paragraph 1.03 of this Contract by more than five percent (5%). Changes in excess of this amount must be approved by the City Council prior to commencement of the services or work. Any request by the Contractor for an increase in the Scope of Services and an increase in the amount listed in paragraph three of this Contract shall be made and approved by the City prior to the Contractor providing such services or the right to payment for such additional services

shall be waived. If there is a dispute between the Contractor and the City respecting any service provided or to be provided hereunder by the Contractor, including a dispute as to whether such service is additional to the Scope of Services included in this Contract, the Contractor agrees to continue providing on a timely basis all services to be provided by the Contractor hereunder, including any service as to which there is a dispute.

1.06 Except as provided in Article VI hereinbelow, the Contractor shall complete all of the work described in Exhibit "A" by the dates set forth below.

March 30.2008

1.07 Time is of the essence of this Contract. The Contractor shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the times specified.

1.08 Contractor promises to work closely with the City Manager or his designee (the "Project Manager") or other appropriate City officials. Contractor agrees to perform my and all Project-related tasks reasonably required of it by the City in order to fulfill the purposes of the work to be performed. The work of Contractor under this Contract may be authorized by the Project Manager in various phases as set forth in Exhibit "A."

1.09 In all activities or services performed hereunder, the Contractor is an independent contractor and not an agent or employee of the City. The Contractor, as an independent contractor, shall be responsible for the final product contemplated under this Agreement. Except for materials furnished by the City, the Contractor shall supply all materials, equipment and labor required for the execution of the work on the Project. The Contractor shall have ultimate control over the execution of the work under this Contract. The Contractor shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees and subcontractors, and the City shall have no control of or supervision over the employees of the Contractor or any of the Contractor's subcontractors except to the limited extent provided for in this Contract, Contractor shall be liable for any misrepresentations. Any negotiations by the Contractor on the City's behalf are binding on the City only when within the scope of work contained herein and approved by the City.

ARTICLE II

2.01 The City shall direct Contractor to commence work on the Project by sending Contractor a "letter of authorization" to begin work on the Project.

2.02 Upon receipt of the letter of authorization to begin work on the implementation of the Project, Contractor shall meet with the City for the purpose of determining the nature of the Project, including but not limited to the following: meeting with the City's staff to coordinate Project goals, schedules, and deadlines; coordinating data collection; briefing the City's

management staff; documenting study assumptions and methodologies; devising the format for any interim reports and the final report to the City.

2.03 Contractor shall consult with the City and may, in some limited circumstances, act as the City's representative, but it is understood and agreed by the parties that for all purposes related to this Contract, Contractor shall be an independent contractor at all times and is not to be considered either an agent or an employee of the City.

ARTICLE III

3.01 As an experienced and qualified professional, Contractor warrants that the information provided by Contractor reflects high professional and industry standards, procedures, and performances. Contractor warrants the design, preparation of drawings, the designation or selection of materials and equipment, the selection and supervision of personnel, the fitness and operation of its recommendations, and the performance of other services under this Contract, pursuant to a high standard of performance in the profession. Contractor warrants that it will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval or acceptance by the City of any of Contractor's work product under this Contract shall not constitute, or be deemed, a release of the responsibility and liability of Contractor, its employees, agents, or associates for the exercise of skill and diligence necessary to fulfill Contractor's responsibilities under this Contract. Nor shall the City's approval or acceptance be deemed to be the assumption of responsibility by the City for any defect or error in the Project's work products prepared by Contractor, its employees, associates, agents, or subcontractors.

3.02 Contractor shall keep the City informed of the progress of the work and shall guard against any defects or deficiencies in its work.

3.03 Contractor shall be responsible for using due diligence to correct errors, deficiencies or unacceptable work product. Contractor shall, at no cost to the City, remedy any errors, deficiencies or any work product found unacceptable, in the City's sole discretion, as soon as possible, but no longer than fifteen (15) calendar days after receiving notice of said errors, deficiencies or unacceptable work product.

3.04 Contractor's work product shall be the exclusive property of the City. Upon completion or termination of this Contract, Contractor shall promptly deliver to the City all records, notes, data, memorandum, models, and equipment of any nature that are within Contractor's possession or control and that are the City's property or relate to the City or its business.

ARTICLE IV

4.01 Indemnity. **The Contractor agrees to indemnify, defend, and hold harmless the City, its officers, employees, and agents (separately and collectively referred to in this paragraph as "Indemnitee"), from and against any and all, claims, losses, damages, causes of action, suits, judgments, settlements made by Indemnitee, and liability of every kind, including all expenses of litigation, court costs, attorney's fees, and other reasonable costs for damage to or loss of use of any property, for injuries to, or sickness or death of any person, including but not limited to Contractor, any of its subcontractors of any tier, or of any employee or invitee of Contractor or of any such subcontractors, that is caused by, arises out of, related to, or in connection with, the negligence of and/or negligent performance of this Contract by Contractor or by any such subcontractors of any tier, under this Contract,**

4.02 **it is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligation under Paragraph 10.05, such legal limitations are made a part of the indemnification obligation and shall operate to amend the indemnification obligation to the minimum extent necessary to bring the provision into conformity with the requirements of such limitations, and as so modified, the indemnification obligation shall continue in full force and effect.**

4.03 Release. **The Contractor releases, relinquishes, and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to, sickness or death of the Contractor or its employees and any loss of or damage to any property of the Contractor or its employees that is caused by or alleged to be caused by, arises out of, or is in connection with the Contractor's work to be performed hereunder. Both the City and the Contractor expressly intend that this release shall apply regardless of whether said claims, demands, and causes of action are covered, in whole or in part, by insurance and in the event of injury, sickness, death, loss, or damage suffered by the Contractor or its employees, but not otherwise, this release shall apply regardless of whether such loss, damage, injury, or death was caused in whole or in part by the City, any other party released hereunder, the Contractor, or any third party.**

ARTICLE V
Insurance

5.00 The Contractor shall procure and maintain at its sole cost and expense for the duration of this Agreement insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, volunteers, employees or subcontractors. The policies, limits and endorsements required are set forth in Exhibit "C".

ARTICLE VI

6.01 At any time, the City may terminate the Project for convenience, in writing. At such time, the City shall notify Contractor, in writing, who shall cease work immediately. Contractor shall be compensated for the services performed. In the event that the City terminates this Contract for convenience, the City shall pay Contractor for the services performed and expenses incurred prior to the date of termination.

6.02 No term or provision of this Contract shall be construed to relieve the Contractor of liability to the City for damages sustained by the City or because of any breach of contract by the Contractor. The City may withhold payments to the Contractor for the purpose of setoff until the exact amount of damages due the City from the Contractor is determined and paid.

ARTICLE VII

7.01 This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters dated thereto shall be in Brazos County, Texas.

7.02 Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:

City
City of College Station
Attn: Ross Albrecht
P.O. Box 9960
College Station, Texas 77842

Contractor:
Zachry Associates, Inc.
Attn: Bob Nutt
500 Chestnut Suite 2000
Abilene, TX 79602

7.03. Contractor, its employees, associates or subcontractors shall perform all the work hereunder. Contractor agrees that all of its associates, employees, or subcontractors who work on this Project shall be fully qualified and competent to do the work described hereunder, Contractor shall undertake the work and complete it in a timely manner.

7.04 The Contractor shall comply with all applicable federal, state, and local statutes, regulations, ordinances, and other laws, including but not limited to the Immigration Reform and Control Act (IRCA). The Contractor may not knowingly obtain the labor or services of an unauthorized alien. The Contractor, not the City, must verify eligibility for employment as required by IRCA.

7.05 No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

7.06 This Contract and all rights and obligations contained herein may not be assigned by Contractor without the prior written approval of the City.

7.07 If any provision of this Contract shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court of competent jurisdiction finds that any provision of this Contract is invalid or unenforceable, but that by limiting such provision it may become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

7.08 This Contract represents the entire and integrated agreement between the City and Contractor and supersedes all prior negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.

7.09 The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.

7.10 This Contract will be effective when signed by the last party whose signing makes the Contract fully executed.

[INSERT NAME OF CONTRACTOR]

CITY OF COLLEGE STATION

By: Bob Nutt
Printed Name: Bob Nutt
Title: Vice President, Zachry Associates, Inc.
Date: 6-16-07

By: _____
Ben White, Mayor
Date: _____

ATTEST:

Connie Hooks, City Secretary

Date

APPROVED:

City Manager

Date

Carla A. Robinson

City Attorney

Date

Chief Financial Officer

Date

Exhibit "A"

Scope of Services

1. Develop a comprehensive *marketing* plan to assist in the promotion of the Memorial Cemetery of College Station with the Aggie Field of Honor. The plan should address all aspects of marketing opportunities for this unique facility for both the municipal and Aggie Field of Honor sections. The anticipated target audience will be both the local area and international to reach former students, faculty, staff and friends of Texas A&M University.

For the various components, the plan should include the pros and cons; effectiveness; estimated time line for completion; estimated expenses; and a proposed time line for implementation 2008 through 2010.

It is the intent of the City of College Station that implementation of the plan will be conducted by the city, and that Zachry Associates will not have additional areas of responsibility for implementing the plan unless an additional agreement is entered into with the city.

2. Research, create, and deliver the identity and image of the project.
3. Create and deliver:

-A unified marketing packet suitable for the placement of advertisements in magazines and newspapers; and for the creation of brochures, direct mailings, and other opportunities identified in the Marketing Plan. Materials to be camera ready in both .pdf and .tif formats. The marketing packet should be easily utilized and adapted for use in a variety of print media.

This item is only the creation and delivery of these advertisement materials. There is no follow on production of the materials.

-Development of the content (verbiage, graphics, pictures, etc) for four to five pages of information on the facility for insertion into the city's exiting web site frame by city staff.

-Video (DVD format) for public presentations to include voice, music, graphics, etc. Estimated length of 4 to 6 minutes.

All formats will require the use of names, logos, insignia, etc. that are trademarked by Texas A&M University. Approval for the use of these items will be completed by the city once the items have been developed. Careful attention must be paid to the correct utilization of these items in terms of size, scale, colors, etc. as covered by the trademarks on these items.

Exhibit "B"

Payment Terms

Payment is for an amount not to exceed as listed in Article I of this Contract. The following estimated amounts shall be payable by the City pursuant to the schedule listed below and upon completion of the services and written acceptance by the City.

Schedule of Payment for each phase:

	Delivery timeframe after letter to proceed	
1. Comprehensive Marketing Plan:	6 weeks	\$5,000.00
2. Project Identity:	10 weeks	\$12,500.00
3. Marketing packet:	16 weeks	\$7,500.00
4. Web Based Materials:	20 weeks	\$15,000.00
5. DVD Presentation:	28 weeks	\$12,000.00
6. Coordination (travel, research, presentation, meetings, etc.)	\$1,500/month	\$12,000.00

Exhibit "C"

**Insurance Requirements and
Certificate(s) of Insurance**

Insurance Requirements

1. The Contractor agrees to maintain the types and amounts of insurance required in this Contract throughout the term of the Contract. The following insurance policies shall be required:

- (a) Commercial General Liability
- (b) Business Automobile Liability
- (c) Workers' Compensation
- (d) Professional Liability

2. For each of these policies, the Contractor's insurance coverage shall be primary insurance with respect to the City, its officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officials, employees or volunteers, shall be considered in excess of the Contractor's insurance and shall not contribute to it. Certificates of insurance and endorsements shall be furnished to and approved by the City's Risk Manager *before* any letter of authorization to commence planning will issue or any work on the Project commences. No term or provision of the indemnification provided by the Contractor to the City pursuant to this Contract shall be construed or interpreted as limiting or otherwise affecting the terms of the insurance coverage. *All Certificates of Insurance and endorsements shall be furnished to the City's Representative at the time of execution of this Agreement, attached hereto as Exhibit "D", and approved by the City before work commences.*

3. The Contractor shall include all subcontractors as additional insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4. General Requirements Applicable to All Policies.

- (a) Only insurance carriers licensed and admitted to do business in the State of Texas will be accepted.
- (b) Deductibles shall be listed on the certificate of insurance and are acceptable only on a "per occurrence" basis for property damage only,
- (c) "Claims made" policies shall not be accepted, except for Professional Liability insurance.
- (d) Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) calendar days prior written notice has been given to the City of College Station by certified mail, return receipt requested.

- (e) Upon request, certified copies of all insurance policies shall be furnished to the City.
- (f) ~~The~~ certificates of insurance shall be prepared and executed by the insurance company or its authorized agent. Each certificate shall contain the following provisions and warranties: (a) ~~that~~ the insurance company is licensed and admitted to do business in the State of Texas; (b) that the insurance policy is underwritten on forms provided by the Texas State Board of Insurance or ISO; (c) all endorsements and coverages according to the requirements of this Contract; (d) the form of notice of cancellation, termination, or change in coverage provisions; and (e) original endorsements affecting coverage required by this Contract.
- (g) ~~The~~ City of College Station, its officials, employees, and volunteers are to be added as "Additional Insureds" to the Commercial General Liability and Business Automobile Liability Policies. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officials, employees, and volunteers.

5. **Commercial (General) Liability requirements:**

- (a) Coverage shall be written by a carrier with an "B+:VII" or better rating in accordance with the current Best Key Rating Guide.
- (b) Minimum Combined Single Limit of \$1,000,000 per occurrence per project for bodily injury and property damage with a \$2,000,000 annual aggregate limit.
- (c) Coverage shall be at least as broad as Insurance Service's Office Number CG 00 01.
- (d) No coverage shall be deleted from the standard policy without notification of individual exclusions being attached for review and acceptance.
- (e) ~~The~~ coverage shall include but not be limited to: premises/operations; independent contracts, products/completed operations, contractual liability (insuring the indemnity provided herein), and where exposures exist, "Explosion Collapse and Underground" coverage.
- (f) The City shall be named as an additional insured and the policy shall be endorsed to waive subrogation and to be primary and non contributory.

6. **Business Automobile Liability requirements:**

- (a) Coverage shall be written by a carrier with an "B+:VII" or better rating in accordance with the current Best Key Rating Guide.
- (b) Minimum Combined Single Limit of \$1,000,000 per occurrence for bodily injury and property damage.

- (c) The Business Auto Policy must show Symbol 1 in the Covered Autos portion of the liability section in Item 2 of the declarations page.
- (d) The coverage shall include owned, leased or rented autos, non-owned autos, any autos and hired autos.

Workers' Compensation Insurance requirements:

- (a) Pursuant to the requirements set forth in Title 28, Section 110.110 of the Texas Administrative Code, **all employees** of the Contractor, the Contractor, **all employees** of any and all subcontractors, and **all other persons providing services on the Project** must be covered by a workers' compensation insurance policy: **either directly** through their employer's policy (the Contractor's, or subcontractor's policy) or **through an executed coverage agreement on an approved TWCC form**. Accordingly, **if a subcontractor does not have his or her own policy and a coverage agreement is used, Contractors and subcontractors must use that portion of the form** whereby the hiring contractor agrees to provide coverage to the employees of the subcontractor. The portion of the form that **would otherwise allow them not to provide coverage for the employees** of an independent contractor may not be used.
- (b) The worker's compensation insurance shall include the following terms:
 - (i) Employer's Liability limits of \$1,000,000 for each accident is
 - (ii) "Texas Waiver of Our Right to Recover From Others Endorsement, WC 42 03 04" shall be included in this policy.
 - (iii) Texas must appear in Item 3A of the Worker's Compensation coverage or Item 3C must contain the following: All States except those listed in Item 3A and the States of NV, ND, OH, WA, WV, and WY.
- (c) Pursuant to the explicit terms of Title 28, Section 110.110(c)(7) of the Texas Administrative Code, this Agreement, the bid specifications, this Agreement, and all subcontracts on this Project must include the terms and conditions set forth below, without any additional words or changes, except those required to accommodate the specific document in which they are contained or to impose stricter standards of documentation:

A. *Definitions:*

Certificate of coverage ("certificate") - A copy of a certificate of insurance, a certificate of authority to self-insure issued by the Texas Workers' Compensation Commission, or a coverage agreement (TWCC-81, TWCC-83, or TWCC-84), showing statutory works' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the Contractor's/person's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("subcontractors" in § 406.096 [of the Texas Labor Code]) - includes all persons or entities performing all or part of the services the Contractor has undertaken to perform on the project, regardless of whether that person contracted directly with the Contractor and regardless of whether that person has employees. This includes, without limitation, independent Contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

B. The Contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, that meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Contractor providing services on the project, for the duration of the project.

C. The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.

D. If the coverage period shown on the Contractor's current certificate of coverage ends during the duration of the project, the Contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.

E. The Contractor shall obtain from each person providing services on a project, and provide to the governmental entity:

(1) a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and

(2) no later than seven calendar days after receipt by the Contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.

F. The Contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.

G. The Contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 calendar days after the Contractor knew or should have known, or any change that materially affects the provision of coverage of any person providing services on the project.

H. The Contractor shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.

I. The Contractor shall contractually require each person with whom it contracts to provide services on a project, to:

(1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, that meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;

(2) provide to the Contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage

is being provided for all employees of the person providing services on the project, for the duration of the project;

(3) provide the Contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

4 obtain from each other person with whom it contracts, and provide to the Contractor:

(a) a certificate of coverage, prior to the other person beginning work on the project; and

(b) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;

(5) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

(6) notify the governmental entity in writing by certified mail or personal delivery, within 10 calendar days after the person here or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and

(7) contractually require each person with whom it contracts, to perform as required by paragraphs (a) - (g), with the certificates of coverage to be provided to the person for whom they are providing services.

J. By signing this contract, or providing, or causing to be provided a certificate of coverage, the Contractor is representing to the governmental entity that all employees of the Contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the Commission's Division of Self-Insurance Regulation.

Providing false or misleading information may subject the Contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.

K. The Contractor's failure to comply with any of these provisions is a breach of contract by the Contractor that entitles the governmental entity to declare the contract void if the Contractor does not remedy the breach within ten calendar days after receipt of notice of breach from the governmental entity.

Professional Liability requirements:

- (a) Coverage shall be written by a carrier with a "B+:VII" or better rating in accordance with the current Best Key Rating Guide.
- (b) Minimum of \$1,000,000 per occurrence and \$2,000,000 aggregate, with a maximum deductible of \$10,000.00.
- (c) Coverage must have an **Extended Reporting Period Endorsement** to be maintained for two (2) years after the expiration of the term or termination of this Contract,

July 12, 2007
Consent Agenda Item #
Harvey Mitchell Parkway (2818) Street Lighting
from Rio Grande to Wellborn Rd.
& Hwy 40 at the new Arrington Rd Intersection

To: Glenn Brown, City Manager

From: David Massey, Director of College Station Utilities Electric Department

Agenda Caption: Presentation, discussion and possible action regarding a resolution approving a construction contract with Bayer Construction Electrical Contractors, Inc., in the amount of \$102,462.12 for street lighting installations on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Rd. and along Hwy 40 at the new Arrington Rd intersection.

Recommendation(s): Staff recommends award to the lowest, responsible bidder meeting specifications, Bayer Construction Electrical Contractors, Inc.

Summary: This contract (Contract 07-215) is for the installation of street lighting on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Rd. and Hwy 40 at the new Arrington Rd. intersection. There will be a total of 38 street light poles and fixtures installed on the project.

Sealed competitive bids were received with one (1) bidder responding to the bid, Bayer Construction Electrical Contractors, Inc. Multiple contractors picked up and downloaded the bid packets. Bayer Construction Electrical Contractors, Inc. bid price was below the estimated cost of the projects.

Budget & Financial Summary: Funds are budgeted and available in the City of College Station Utilities Electric Capital Improvement Project Budget.

Attachments:

1. Resolution
2. Bid Tabulation
3. Project Location Map

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING A CONSTRUCTION CONTRACT FOR THE INSTALLATION OF STREET LIGHTING ON HARVEY MITCHELL PARKWAY (2818) FROM RIO GRANDE TO WELLBORN ROAD AND HIGHWAY 40 AT THE NEW ARRINGTON ROAD INTERSECTION PROJECTS AND AUTHORIZING THE EXPENDITURE OF FUNDS.

WHEREAS, the City of College Station, Texas, solicited bids for the construction phase of the installation of street lighting on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Road and Highway 40 at the new Arrington Road Intersection Project; and

WHEREAS, the selection of Bayer Construction Electrical Contractors, Inc., is being recommended as the lowest responsible bidder for the construction services related to the installation of street lighting on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Road and Highway 40 at the new Arrington Road Intersection; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the City Council hereby finds that Bayer Construction Electrical Contractors, Inc., is the lowest responsible bidder.

PART 2: That the City Council hereby approves the contract with Bayer Construction Electrical Contractors, Inc., for \$102,462.12 for the labor, materials and equipment required for the improvements related to the installation of street lighting on Harvey Mitchell Parkway (2818) from Rio Grande to Wellborn Road and Highway 40 at the new Arrington Road Intersection Project.

PART 3: That the funding for this Project shall be as budgeted from the College Station Utilities Capital Improvement Project Fund, Electric Department, in the amount of \$102,462.12.

PART 4: That this resolution shall take effect immediately from and after its passage.

ADOPTED this _____ day of _____, A.D. 2007.

ATTEST:

APPROVED:

City Secretary

MAYOR

APPROVED:



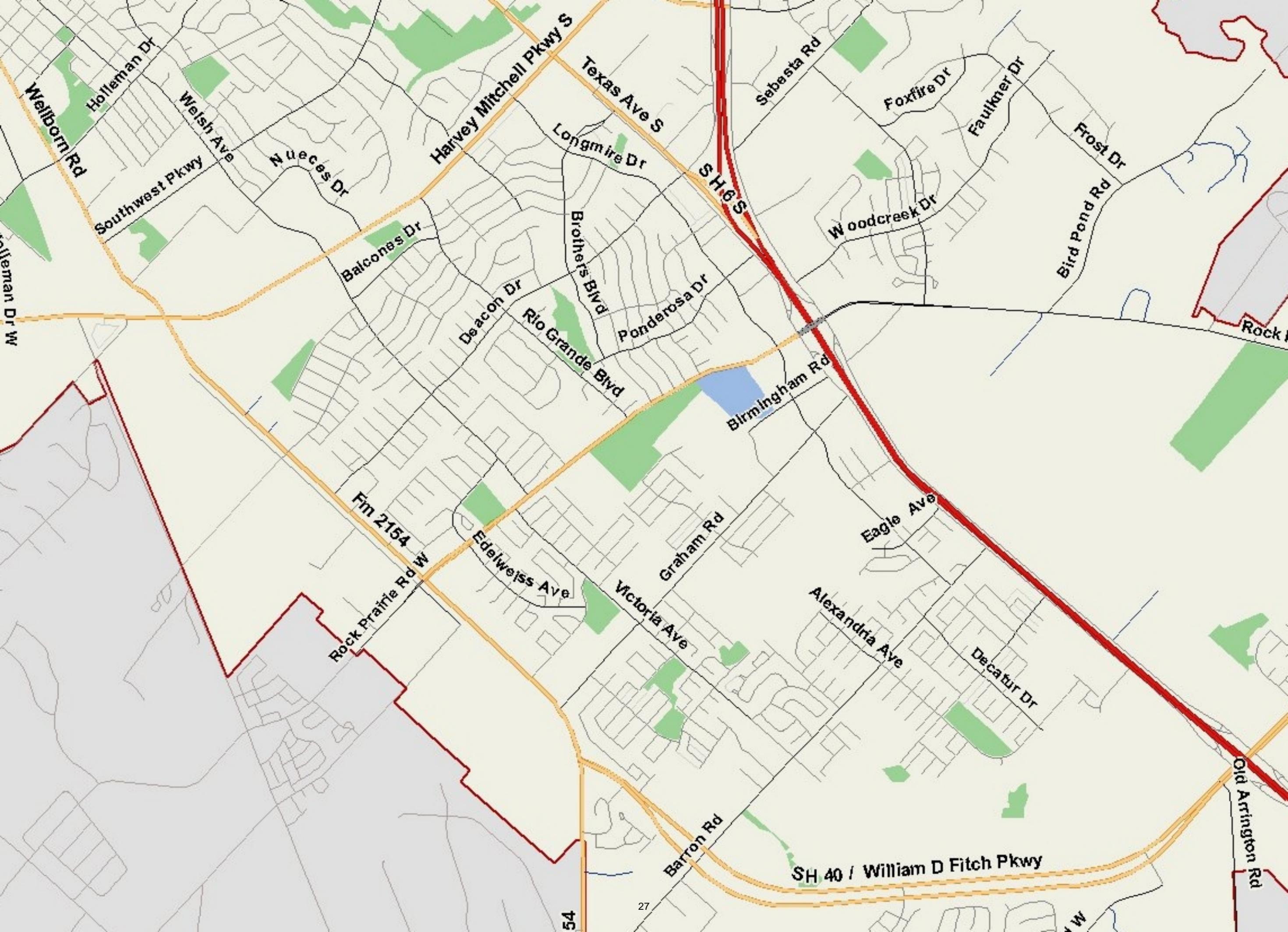
City Attorney

**Harvey Mitchell Parkway Streetlighting
07-90 Tabulation
Electrical**

6/13/2007

Section	STREETLIGHT ASSEMBLY UNIT	Bayer
M	Misc. Assembly Units	\$456.00
SL	Streetlighting Assembly Units	\$52,060.00
UD	Underground Conductor Assembly Units	\$10,596.06
UM	Underground Misc. Assembly Units	\$9,563.26
UR	Underground Excavation Assembly Units	\$29,786.80
Total		\$102,462.12

Calendar Days for Completion	60
Certification of Bid	Y
Deviations/Conditions	N
Addenda Acknowledged	Y-one
Bid Bond	Y



Wellborn Rd

Holleman Dr

Welsh Ave

Southwest Pkwy

Nueces Dr

Harvey Mitchell Pkwy S

Texas Ave S

Longmire Dr

SH 6 S

Sebesta Rd

Foxfire Dr

Faulkner Dr

Frost Dr

Bird Pond Rd

Woodcreek Dr

Balcones Dr

Deacon Dr

Rio Grande Blvd

Ponderosa Dr

Brothel's Blvd

Birmingham Rd

Fm 2154

Rock Prairie Rd W

Edelmweiss Ave

Victoria Ave

Graham Rd

Eagle Ave

Alexandria Ave

Decatur Dr

Barron Rd

SH 40 / William D Fitch Pkwy

Old Arrington Rd

54

27

W

Rock

July 12, 2007
Consent Agenda Item #
Name Recommendations for the New Municipal Cemetery

To: Glenn Brown, City Manager

From: Steve Beachy, Director Parks and Recreation

Agenda Caption: Presentation, possible action, and discussion regarding a resolution of the City Council of the City of College Station, Texas, approving the name "*Memorial Cemetery of College Station*" for the new municipal cemetery to be located at 3800 Raymond Stotzer Parkway and approving the name "*Aggie Field of Honor*" for a portion of that new cemetery.

Recommendation(s): Staff recommends City Council approval of the resolution regarding the name recommendations made by the Cemetery Advisory Committee.

Summary: On April 19, 2007, the Cemetery Advisory Committee made a recommendation to name the new municipal cemetery "*The Memorial Cemetery of College Station*" and a recommendation that "*The Aggie Field of Honor*" name is used for the section designated for Texas A&M University students, former students, faculty, staff, their families, and friends of Texas A&M University. All nine members, and the one alternate member, were present at the meeting. The recommendation motion passed unanimously.

On Thursday, June 28, 2007, this item was discussed by the City Council during the workshop meeting. At that time, the Council directed staff to prepare a resolution for consideration at a future meeting to officially name the new cemetery and the special section related to Texas A&M.

Budget & Financial Summary: None.

Attachments:

1. Name Recommendation Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING THE NAME "MEMORIAL CEMETERY OF COLLEGE STATION" FOR THE NEW MUNICIPAL CEMETERY TO BE LOCATED AT 3800 RAYMOND STOTZER PARKWAY (THE "CEMETERY"); AND APPROVING THE NAME "AGGIE FIELD OF HONOR" FOR A PORTION OF THE CEMETERY.

WHEREAS, the City Council of the City of College Station, Texas, has acquired fifty-six (56) acres for the development of the new municipal cemetery located at 3800 Raymond Stotzer Parkway (the "Cemetery"); and

WHEREAS, the City Council of the City of College Station, Texas, desires to establish a designated section within the Cemetery to be marketed to students, former students, faculty, staff, their families and friends of Texas A&M University ; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

- PART 1: That the City Council hereby approves the name "Memorial Cemetery of College Station" for the Cemetery.
- PART 2: That the City Council hereby approves the name "Aggie Field of Honor" for the designated section within the Cemetery that is to be marketed to students, former students, faculty, staff, their families and friends of Texas A&M University.
- PART 3: That this resolution shall take effect immediately from and after its passage.

ADOPTED this _____ day of _____, A.D. 2007.

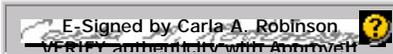
ATTEST:

APPROVED:

City Secretary

MAYOR

APPROVED:



City Attorney

July 12, 2007
Consent Agenda Item #
Annual Curb, Gutter & Flatwork Price Agreement

To: Glenn Brown, City Manager

From: Mark Smith, Director of Public Works

Agenda Caption: Presentation, discussion and possible action on the first renewal of bid #06-112 to Acklam Construction Company in an amount not to exceed \$424,500.00 for the annual blanket order of concrete curb/gutter & flatwork used to maintain City infrastructure.

Recommendation(s): Staff recommends renewal of the annual blanket order to Acklam Construction Company in the amount not to exceed \$424,500.00 annually.

Summary: Maintenance of flatwork, curbs and gutters is contracted on an as needed basis, by the Public Works Department and College Station Utilities. This is the first renewal of two optional renewals of the annual blanket order awarded in bid #06-112.

Budget & Financial Summary: Funding for this service comes from the operating budgets for streets, drainage and utility maintenance.

Attachments:

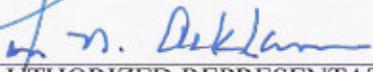
Renewal Letter

RENEWAL ACCEPTANCE

By signing herewith, I acknowledge and agree to renew Contract #06-239 (Bid #16-112), for concrete flatwork, curb and guttering in accordance with all terms and conditions previously agreed to and accepted.

I understand this renewal term will be for the period beginning March 10, 2007 through March 9, 2008.

ACKLAM CONSTRUCTION CO., LTD.



AUTHORIZED REPRESENTATIVE

JUNE 18, 2007

DATE

CITY OF COLLEGE STATION

Mayor

DATE

ATTEST:

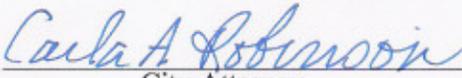
Connie Hooks, City Secretary

DATE

APPROVED:

City Manager

DATE



City Attorney

DATE

Chief Financial Officer

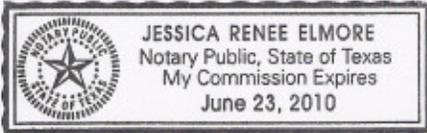
DATE

STATE OF TEXAS

LIMITED PARTNERSHIP
ACKNOWLEDGMENT

COUNTY OF Brazos

This instrument was acknowledged on the 18th day of June, 2007,
by Jon Acklam in his/her capacity as General Partner of
Acklam Construction, a TEXAS Limited Partnership, on behalf of said corporation.



Jessie R. Buck
Notary Public in and for the
State of Texas

STATE OF TEXAS

ACKNOWLEDGMENT

COUNTY OF BRAZOS

This instrument was acknowledged on the _____ day of _____, 2007,
by _____, in the capacity as Mayor of the City of College Station, a Texas
home-rule municipality, on behalf of said municipality.

Notary Public in and for the
State of Texas

July 12, 2007
Consent Agenda Item
Resolution to Approve Preliminary Official Statements

To: Glenn Brown, City Manager

From: Jeff Kersten, Chief Financial Officer

Agenda Caption: Presentation, possible action, and discussion on a resolution approving Notices of Sale, Preliminary Official Statements and related materials for the sale of "City of College Station, Texas General Obligation Improvement Bonds, Series 2007" and "City of College Station, Texas Certificates of Obligation, Series 2007", and "City of College Station, Texas Utility System Revenue Bonds, Series 2007" including selection of a date for opening bids.

Recommendation(s): Council's approval of the attached resolution accepting the Preliminary Official Statements, with the Official Statements to be approved at the time of the actual sale of the GOs, COs, and URBs on August 6, 2007.

Summary: This is the next step in the process for the City to issue long term debt for capital projects. The City Council is authorized to approve the issuance of certificates of obligation (COs) after approving a resolution directing notices to be published of the intent to issue the COs and general obligation bonds as approved by voters in an election held for that purpose. Utility revenue bonds are special obligations of the City of College Station payable solely from and secured by a first lien on and pledge of the Net Revenues of the City's Utility System.

The bond sales will occur on August 6, and at that time the City Council will consider the ordinances authorizing the issuance of the General Obligation Bonds, Certificates of Obligation, and Utility Revenue Bonds.

The City of College Station typically issues debt to fund various capital projects identified and approved as a part of the annual budget. The City primarily uses three types of debt instruments to fulfill those requirements:

1. General Obligation Bonds (GOBs) are based on the full faith and credit of the City and are paid primarily through the debt service portion of the ad valorem tax rate. GOBs are authorized by the voters and therefore the notice is provided in the election process.
2. Utility Revenue Bonds (URBs) are backed by the revenues of the City's various utilities and are issued as a business activity. These are typically only issued for utility capital projects.
3. Certificates of Obligation (COs) normally include at least one additional revenue stream such as utility revenues, but are considered to be much like GOBs and therefore normally receive a rating similar to GOBs. Our policy for issuing CO's allows more flexibility in their issue than GOBs, particularly when other revenues are anticipated to assist in debt service.

The General Obligation debt issue is planned to provide resources for street and traffic signal projects, sidewalk improvements, and parks and recreation projects totaling \$3,930,000.

The Certificates of Obligation debt issue is planned to provide resources for municipal facility projects, park projects, technology projects, cemetery development projects, and debt issuance costs totaling \$3,960,000.

The Utility Revenue Bond debt issue is planned to provide resources for Electric, Water and Wastewater capital projects, and debt issuance costs totaling \$18,665,000.

Budget & Financial Summary: Staff reviewed the impact of these debt issues on the City's ability to meet debt service requirements and the effect they may have either on ad valorem tax or utility rates. The recommendation to move forward with this issue will not impact the ad valorem rate or the utility rates.

Attachments:

1. Use of Proceeds of General Obligation Bonds, Certificates of Obligation, and Utility Revenue Bonds.
2. Resolution Approving Notices of Sale, Preliminary Official Statements and related materials for the Sale of "City of College Station, Texas General Obligation Improvements Bonds, Series 2007", "City of College Station, Texas Certificates of Obligation, Series 2007", and "City of College Station, Texas Utility System Revenue Bonds, Series 2007" including selection of a date for opening bids.
3. Preliminary Official Statement dated July 2007, General Obligation bonds, Series 2007 and Certificates of Obligation, Series 2007.
4. Notice of Sale and Bidding Instructions, General Obligation Bonds, Series 2007.
5. Notice of Sale and Bidding Instructions, Certificates of Obligation, Series 2007.
6. Preliminary Official Statement dated July 2007, Utility System Revenue Bonds, Series 2007.
7. Notice of Sale and Bidding Instructions, Utility System Revenue Bonds, Series 2007.

Proposed 2007 Debt Issue

General Obligation Bonds

Northgate Street Rehab	\$	2,000,000
Sidewalk Improvements		100,000
New Traffic Signal Projects		500,000
Traffic System Safety Improvements		100,000
Streets Total	\$	2,700,000
New Forestry Shop Construction	\$	730,000 *
Veterans Park Phase II		500,000
Parks Total	\$	1,230,000
GOB Total	\$	3,930,000

*Original projection for New Forestry Shop was \$570,000. This has been increased by \$160,000 to cover projected budget overage. It is proposed that the add'l funds will come from the Central Park Shop Renovation project, the debt for which was projected for FY08.

Certificates of Obligation

New Cemetery (Design Phase)	\$	625,000
Municipal Facility Improvements		1,750,000
EMS Reporting System		100,000
Fire Station # 3 Relocation (Additional Cost)		991,000
General Govt Total	\$	3,466,000
Woodland Hills Park Development	\$	315,000
Adamson Pool Bath House Replacement (Design)		90,000
Parks Total	\$	405,000
Estimated Debt Issuance Costs	\$	89,000
Certificates of Obligation Total	\$	3,960,000

Utility Revenue Bonds

Substation Transmission/Distribution	\$	2,500,000
Electric Projects	\$	2,500,000
Water Production Projects	\$	6,975,000
Water Transmission and Distribution Projects		2,030,000
Water Rehabilitation Projects		1,745,000
Water Projects	\$	10,750,000
Wastewater Collection Projects		1,157,000
Wastewater Rehabilitation Projects		1,406,000
Treatment and Disposal Projects		2,737,000
Wastewater Projects	\$	5,300,000
Estimated Debt Issuance Costs	\$	115,000
Utility Revenue Bond Total	\$	18,665,000

RESOLUTION APPROVING NOTICES OF SALE, PRELIMINARY OFFICIAL STATEMENTS, AND RELATED MATERIALS FOR THE SALE OF "CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2007", "CITY OF COLLEGE STATION, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007", AND "CITY OF COLLEGE STATION, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2007", INCLUDING SELECTION OF A DATE FOR OPENING BIDS

WHEREAS, the City Council of the City of College Station, Texas (the "Council") has determined that it is in the best interest of the City of College Station, Texas (the "City") to issue its General Obligation Improvement Bonds, Series 2007 in the principal amount of \$3,930,000, its Certificates of Obligation, Series 2007 in the principal amount of \$3,960,000, and its Utility System Revenue Bonds, Series 2007 in the principal amount of \$18,665,000 (collectively, the "Obligations") for purposes described in the below described documents as soon as possible;

WHEREAS, the City's Chief Financial Officer, the City's Financial Advisor, and the City's Bond Counsel are prepared to distribute necessary documents for such sale on a competitive bid basis;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS THAT:

1. The Official Notices of Sale, including the Official Bid Forms, and the Preliminary Official Statements for each series of Obligations, substantially in the forms attached hereto are hereby approved, and the Chief Financial Officer of the City and the Financial Advisor are authorized to distribute same among entities which would be interested in bidding on the Obligations and other interested persons.

2. The Chief Financial Officer of the City and the Financial Advisor are authorized to apply to rating agencies for ratings on the Obligations and to bond insurance companies for possible insurance of the payment of the Obligations and to make presentations to them and provide to such entities the information reasonably requested by them.

3. The Council hereby deems the Preliminary Official Statements to be final in compliance with Rule 15c2-12 of the Securities and Exchange Commission.

4. The Council hereby authorizes its advisors, the Chief Financial Officer of the City, and its members to do all things necessary to sell the Obligations on August 6, 2007.

PASSED AND APPROVED THIS 12TH DAY OF JULY, 2007.

Ben White, Mayor

Connie Hooks, City Secretary

(SEAL)

APPROVED:



Handwritten signature in black ink, appearing to read "D. J. [unclear]".

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

* * *

EXHIBIT A
OFFICIAL NOTICES OF SALE

EXHIBIT B
PRELIMINARY OFFICIAL STATEMENTS

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

DATED JULY 12, 2007

Ratings:
Moody's: "Applied for"
S&P: "Applied for"
(See "OTHER INFORMATION - RATINGS" herein)

NEW ISSUE - Book-Entry-Only

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

THE OBLIGATIONS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

CITY OF COLLEGE STATION, TEXAS
(a Home-Rule City located in Brazos County, Texas)

\$3,930,000
GENERAL OBLIGATION
IMPROVEMENT BONDS
SERIES 2007

\$3,960,000
CERTIFICATES OF OBLIGATION
SERIES 2007

Dated Date: September 1, 2007

Due: February 15, as shown on inside cover

The \$3,930,000 City of College Station, Texas General Obligation Improvement Bonds, Series 2007 (the "Bonds") and the \$3,960,000 City of College Station, Texas Certificates of Obligation, Series 2007 (the "Certificates") are being issued by the City of College Station, Texas (the "City") pursuant to the terms of two separate ordinances adopted by the governing body of the City. The Bonds and the Certificates are referred to herein collectively as the "Obligations."

The Obligations are issuable only in fully registered form in the denomination of \$5,000 principal amount or integral multiples thereof, initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Obligations, until DTC resigns or is discharged. The Obligations initially will be available to purchasers in book-entry-form only. So long as Cede & Co is the registered owner of the Obligations, as nominee for DTC, the Paying Agent/Registrar, initially The Bank of New York Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") will pay the principal of and interest on the Obligations to Cede & Co., which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Obligations.

Interest on the Obligations will accrue from the dated date as shown above and will be payable on February 15, 2008 and on each August 15 and February 15 thereafter until maturity or early redemption. Interest on the Obligations will be calculated on the basis of a 360 day year consisting of twelve 30-day months.

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS – OPTIONAL REDEMPTION").

SEE MATURITY SCHEDULE, INTEREST RATES, AND YIELDS ON INSIDE COVER

The Obligations are payable from ad valorem taxes levied against all taxable property in the City, within the legal limits prescribed by law. The Certificates are additionally payable from a subordinate lien on and pledge of \$1,000 of the surplus revenues of the City's combined utility system (see "THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT," and "– TAX RATE LIMITATIONS").

The Obligations of each series are offered for delivery, when issued, and received by the Initial Purchaser thereof and subject to the opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City (see "APPENDIX C – FORM OF OPINIONS OF BOND COUNSEL"). It is expected that the Obligations will be available for delivery through the services of DTC on or about September 11, 2007.

BIDS WILL BE ACCEPTED UNTIL AND OPENED
MONDAY, AUGUST 6, 2007 AT 10:00 A.M. CDST

MATURITY SCHEDULES, INTEREST RATES AND YIELDS

\$3,930,000

General Obligation Improvement Bonds, Series 2007

<u>Due Feb 15</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾</u>	<u>Due Feb 15</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾</u>
2008	\$ 1,150,000	%	%		2018 ⁽²⁾	\$ 140,000	%	%	
2009	90,000				2019 ⁽²⁾	150,000			
2010	90,000				2020 ⁽²⁾	155,000			
2011	95,000				2021 ⁽²⁾	165,000			
2012	100,000				2022 ⁽²⁾	175,000			
2013	110,000				2023 ⁽²⁾	185,000			
2014	115,000				2024 ⁽²⁾	190,000			
2015	120,000				2025 ⁽²⁾	200,000			
2016	125,000				2026 ⁽²⁾	215,000			
2017 ⁽²⁾	135,000				2027 ⁽²⁾	225,000			

(Accrued Interest from September 1, 2007 to be added)

\$3,960,000

Certificates of Obligation, Series 2007

<u>Due Feb 15</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾</u>	<u>Due Feb 15</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP ⁽¹⁾</u>
2008	\$ 1,150,000	%	%		2018 ⁽²⁾	\$ 140,000	%	%	
2009	90,000				2019 ⁽²⁾	150,000			
2010	95,000				2020 ⁽²⁾	155,000			
2011	100,000				2021 ⁽²⁾	165,000			
2012	105,000				2022 ⁽²⁾	175,000			
2013	110,000				2023 ⁽²⁾	185,000			
2014	115,000				2024 ⁽²⁾	195,000			
2015	120,000				2025 ⁽²⁾	205,000			
2016	130,000				2026 ⁽²⁾	215,000			
2017 ⁽²⁾	135,000				2027 ⁽²⁾	225,000			

(Accrued Interest from September 1, 2007 to be added)

- (1) CUSIP Numbers have been assigned to the Obligations by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (2) The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof (the "Rule"), this document constitutes a Preliminary Official Statement of the City with respect to the Bonds that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau, and are included solely for the convenience of the owners of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

In connection with this offering, the Initial Purchasers may over-allot or effect transactions which stabilize the market price of the issue at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

OFFICIAL STATEMENT SUMMARY

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

- THE CITY**..... The City of College Station, Texas (the “City”) is a political subdivision and a home-rule city of the State, located in Brazos County, Texas. The City covers approximately 47 square miles (see “INTRODUCTION - DESCRIPTION OF THE CITY”).
- THE BONDS** The Bonds are issued as \$3,930,000 City of College Station, Texas General Obligation Improvement Bonds, Series 2007. The Bonds are issued as serial bonds maturing February 15, 2008 through February 15, 2027 (see “THE OBLIGATIONS - GENERAL DESCRIPTION”).
- THE CERTIFICATES** The Certificates are issued as \$3,960,000 City of College Station, Texas Certificates of Obligation, Series 2007. The Certificates are issued as serial obligations maturing February 15, 2008 through February 15, 2027 (see “THE OBLIGATIONS - GENERAL DESCRIPTION”).
- PAYMENT OF INTEREST** Interest on the Obligations accrues from September 1, 2007, and is payable February 15, 2008, and each August 15 and February 15 thereafter until maturity or prior redemption (see “THE OBLIGATIONS - GENERAL DESCRIPTION”).
- AUTHORITY FOR ISSUANCE.** The Bonds are issued pursuant to the general laws of the State, particularly Chapter 1331, Texas Government Code, and an ordinance passed by the City Council of the City. The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended; and an ordinance passed by the City Council of the City (see “THE OBLIGATIONS - AUTHORITY FOR ISSUANCE”).
- SECURITY FOR THE BONDS** The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”).
- SECURITY FOR THE CERTIFICATES** The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a subordinate lien on and pledge of \$1,000 of the surplus revenues derived from the City’s combined utility system (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”).
- OPTIONAL REDEMPTION** The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”).
- TAX EXEMPTION** In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law and the Obligations are not private activity bonds. See “TAX MATTERS” for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
- USE OF BOND PROCEEDS** Proceeds from the sale of the Bonds will be used to (i) pay for the costs of construction and acquisition of and improvements to City Streets, (ii) sidewalk improvements, (iii) traffic signals and control systems, (iv) parks and park facilities, and (v) pay the costs incurred in connection with the issuance of the Bonds (see “PLAN OF FINANCING - USE OF PROCEEDS”).
- USE OF CERTIFICATE PROCEEDS** ... Proceeds from the sale of the Certificates will be used to pay for the cost of (i) park projects, (ii) design and construction of new City-owned cemetery, (iii) design and construction of and improvements to public municipal facilities, (iv) technology projects, and (v) to pay the costs incurred in connection with the issuance of the Certificates (see “PLAN OF FINANCING - USE OF PROCEEDS”).

RATINGS The presently outstanding tax supported debt of the City is rated “Aa3” by Moody's Investors Service, Inc. (“Moody's”) and “AA-” by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. (“S&P”). The City also has other issues outstanding which are rated “Aaa” by Moody's and “AAA” by S&P through insurance by various commercial insurance companies. Applications for ratings on the Obligations have been made to Moody's and S&P (see “OTHER INFORMATION – RATINGS”).

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

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Ad Valorem Tax Debt ⁽³⁾	Per Capita Ad Valorem Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	Percent Total Collection ⁽⁵⁾
2002	72,500	\$ 2,489,560,083	\$ 34,339	\$ 74,945,000	\$ 1,034	3.01%	97.97%
2003	75,763	2,723,565,453	35,948	75,695,000	999	2.78%	98.63%
2004	80,219	3,028,907,414	37,758	81,790,000	1,020	2.70%	98.75%
2005	81,699	3,291,131,442	40,284	88,905,000	1,088	2.70%	98.85%
2006	81,930	3,645,484,581	44,495	97,390,000	1,189	2.67%	98.74%
2007	82,750	4,055,170,546	49,005	97,460,000 ⁽⁴⁾	1,178 ⁽⁴⁾	2.40% ⁽⁴⁾	- ⁽⁵⁾

- (1) Source: The City.
- (2) As reported by the Brazos County Appraisal District; subject to change during the ensuing year.
- (3) Payable from ad valorem taxes.
- (4) Projected, includes the Obligations.
- (5) In process of collection.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30 ⁽¹⁾				
	2006	2005	2004	2003	2002
Beginning Balance	\$ 10,170,525	\$ 10,702,952	\$ 11,250,335	\$ 10,111,225	\$ 9,432,700
Total Revenue	34,999,755	32,308,882	30,504,824	28,157,582	26,269,679
Total Expenditures	42,167,579	39,519,178	37,500,080	33,676,271	31,675,353
Other Financing Sources (Uses)	7,969,307	6,677,869	6,447,873	6,657,799	6,084,199
Ending Balance	<u>\$ 10,972,008</u>	<u>\$ 10,170,525</u>	<u>\$ 10,702,952</u>	<u>\$ 11,250,335</u>	<u>\$ 10,111,225</u>

- (1) The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus may be expended in future years for one time expenditures such as capital items and short term projects.

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Revenues:					
Electric	\$ 58,526,414	\$ 50,446,608	\$ 46,389,147	\$ 45,480,173	\$ 44,238,340
Water and Wastewater	20,217,030	18,490,794	16,536,666	16,552,584	16,024,595
Interest	1,765,422	917,192	627,060	1,076,079	1,858,545
Other	2,278,378	1,746,795	1,908,053	2,070,963	1,974,507
Total Revenues	<u>\$ 82,787,244</u>	<u>\$ 71,601,389</u>	<u>\$ 65,460,926</u>	<u>\$ 65,179,799</u>	<u>\$ 64,095,987</u>
Expenses:					
Total Expenses	<u>\$ 54,432,847</u>	<u>\$ 51,125,745</u>	<u>\$ 44,719,241</u>	<u>\$ 47,785,550</u>	<u>\$ 46,274,555</u>
Net Available for Debt Service	<u>\$ 28,354,397</u>	<u>\$ 20,475,644</u>	<u>\$ 20,741,685</u>	<u>\$ 17,394,249</u>	<u>\$ 17,821,432</u>
Water Customer Count	37,590	32,266	31,038	29,358	23,210
Wastewater Customer Count	33,491	29,694	28,594	27,977	28,399
Electric Customer Count	31,051	31,185	30,641	29,700	28,678

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Position	Length of Service	Term Expires	Occupation
Ben White	Mayor	(1)	5/10	Retired
James Massey	Councilmember	(2)	5/10	Director of Facility Coordination
Ron Gay	Councilmember	2 Years	5/08	Regional Marketing Director
Chris Scotti	Councilmember	2 Years	5/08	Consultant
Lynn McIlhane	Councilmember	1 Year (3)	5/09	Homemaker
David Ruesink	Councilmember	1 Year	5/09	Retired
John Crompton	Councilmember	(4)	5/08	Professor

- (1) Elected Mayor in May 2007.
 (2) Elected May 2007; former City of College Station Councilmember 1999 – 2005.
 (3) Elected May 2006; former City of College Station Mayor 1996 – 2002; former City of College Station Councilmember 1982 – 1986 and 1987 – 1996.
 (4) Elected June 2007.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City
Glenn Brown	City Manager	7 Years (1)
Terry Childers	Deputy City Manager	9 Months
Kathy Merrill	Assistant City Manager	8 Months
Harvey Cargill, Jr.	City Attorney	10 Years
David Coleman	Interim Director of Water Services	2 Years
David Massey	Director of Electric Utility	7 Years
Jeff Kersten	Chief Financial Officer	16 Years (2)
Connie L. Hooks	City Secretary	21 Years
Mark Smith	Director of Public Works	27 Years
Benjamin Roper	Director of Information Technology	2 Years
Stephen Beachy	Director of Parks and Recreation	29 Years

- (1) City Manager since March 2006.
 (2) Chief Financial Officer since August 2004.

CONSULTANTS AND ADVISORS

Auditors Ingram, Wallis & Company
 Bryan, Texas

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

Financial Advisor First Southwest Company
 Houston, Texas

For additional information regarding the City, please contact:

Jeff Kersten Chief Financial Officer City of College Station 1101 Texas Avenue College Station, Texas 77840 (979) 764-3552 Phone (979) 764-3899 Fax	or	Drew Masterson First Southwest Company 1021 Main Street, Suite 2200 Houston, Texas 77002 (713) 651-9850 Phone (713) 654-8658 Fax
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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF COLLEGE STATION, TEXAS
(a Home-Rule City located in Brazos County, Texas)

\$3,930,000
GENERAL OBLIGATION
IMPROVEMENT BONDS
SERIES 2007

\$3,960,000
CERTIFICATES OF OBLIGATION
SERIES 2007

INTRODUCTION

This Official Statement, which includes the cover pages and Appendices hereto, provides certain information regarding the issuance of the \$3,930,000 City of College Station, Texas General Obligation Improvement Bonds, Series 2007 (the "Bonds") and the \$3,960,000 City of College Station, Texas Certificates of Obligation, Series 2007 (the "Certificates"). The Bonds and the Certificates are referred to herein collectively as the "Obligations." Capitalized terms used in this Official Statement, except as otherwise indicated herein, have the same meanings assigned to such terms in the ordinances authorizing the issuance of the Bonds (the "Bond Ordinance") and the Certificates (the "Certificate Ordinance"), respectively, to be adopted on the date of sale of the Obligations. The Bond Ordinance and the Certificate Ordinance are collectively referred to herein as the "Ordinances."

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, Houston, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in October 1938, and first adopted its Home Rule Charter in October 1938, which was last amended in May 2006. The City operates under a Council/City Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 1990 Census population for the City was 52,456 and the 2000 Census population was 67,890. The City covers approximately 47 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) pay for the costs of construction and acquisition of and improvements to City Streets, (ii) sidewalk improvements, (iii) traffic signals and control systems, (iv) parks and park facilities, and (v) pay the costs incurred in connection with the issuance of the Bonds (see "PLAN OF FINANCING - USE OF PROCEEDS").

Proceeds from the sale of the Certificates will be used to pay for the cost of (i) park projects, (ii) design and construction of new City-owned cemetery, (iii) design and construction of and improvements to public municipal facilities, (iv) technology projects, and (v) to pay the costs incurred in connection with the issuance of the Certificates (see "PLAN OF FINANCING - USE OF PROCEEDS").

USES OF PROCEEDS

The proceeds from the sale of the Bonds will be applied approximately as follows:

Uses of Funds	
Deposit to Project Fund	\$ 0
Deposit to Interest and Sinking Fund	
Costs of Issuance	
Total Uses of Funds	<u>\$ 0</u>

The proceeds from the sale of the Certificates will be applied approximately as follows:

Uses of Funds

Deposit to Project Fund	\$	0
Deposit to Interest and Sinking Fund		
Costs of Issuance		
Total Uses of Funds	<u>\$</u>	<u>0</u>

THE OBLIGATIONS

GENERAL DESCRIPTION. . . The Obligations are dated September 1, 2007, and mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15, 2008 and on each August 15 and February 15 thereafter until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described herein. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see “BOOK-ENTRY-ONLY SYSTEM”).

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1331, Texas Government Code, as amended; an election held November 4, 2003, and passed by a majority of the participating voters; and the Bond Ordinance.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES. . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended; and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City sufficient to provide for the payment of principal of and interest on all obligations (such as the Obligations) payable in whole or in part from ad valorem taxes, which tax must be levied within limits prescribed by law.

The City intends to pay the Obligations from ad valorem tax proceeds; however, the Certificates are also payable from and secured by a limited pledge of \$1,000 of the surplus revenues derived from the City’s combined utility system revenues, as provided in the Certificate Ordinance, in order to meet the legal requirements for the sale thereof for cash.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service for obligations payable from ad valorem taxes, as calculated at the time of issuance.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City shall determine the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

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

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate for each maturity will be issued for the Obligations, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of Obligations. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, all of which are also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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

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

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar is The Bank of New York Trust Company, N.A., Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar must be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City will promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice will also include the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds or Certificates registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar will be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 30 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of a Obligation.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (“Record Date”) for determining the person to whom the interest is payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (a “Special Payment Date,” which will be 15 days after the Special Record Date) will be sent at least five days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the day next preceding the date of mailing of such notice.

DEFEASANCE. . . The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations. The Ordinances provides that “Defeasance Securities” means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirement of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

REMEDIES OF HOLDERS OF OBLIGATIONS. . . If the City defaults in the payment of principal, interest, or redemption price on either series of Obligations when due, or the City defaults in the observation or performance of any other covenants, conditions, or obligations set forth in either of the Ordinances, the registered owners may seek a writ of mandamus to compel the City or City officials to carry out the legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the respective Ordinance authorizing the issuance of such Obligations, and the city’s obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligation in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of either series of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition accordingly all legal actions to enforce such remedies would have to be undertaken of the initiative of, and be financed by, the beneficial owners of the Obligations. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3^d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, beneficial owners of either series of the Obligations may not be able to bring such a suit against City for breach of the Obligations of covenants contained in either Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or beneficial owners of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Brazos County Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title 1, Texas Tax Code (referred to herein as the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

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

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

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older; (2) An exemption to the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (3) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000.

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

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

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

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

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones within the City, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

RECENT CONSTITUTIONAL AMENDMENT. . . In a statewide election held on September 13, 2003, voters approved an amendment to Section 1-b, Article VIII of the Texas Constitution, that would authorize a county, city, town or junior college district to establish an ad valorem tax freeze on residence homesteads of the disabled and of the elderly and their spouses. The City is now authorized to freeze ad valorem taxes on residence homesteads of persons who are disabled or sixty-five years of age or older. If the City Council does not take action to establish the tax limitation, voters within the City may submit a petition signed by five percent of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

If the tax limitation is established, the total amount of ad valorem taxes imposed by the City on a homestead that receives the exemption may not be increased while it remains the residence homestead of that person or that person's spouse who is disabled or sixty-five years of age or older, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total

amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is fifty-five years of age or older at the time of the person's death. In addition, the Texas Legislature by general law may provide for the transfer of all or a proportionate amount of the tax limitation applicable to a person's homestead to be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

The City Council has not determined at this time what action, if any, it will take regarding this constitutional amendment. The City can make no representations or predictions concerning the impact such a tax limitation would have on the taxing rates of the City or its ability to make debt service payments.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . By the later of September 30th or 60 days after the certified appraisal roll is delivered to the City, the City Council adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

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

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

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

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

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 15 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due before February 15 of each year and the final installment due before August 15.

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

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

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

governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000. The City has not granted an additional exemption of 20% of the market value of residence homesteads. Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt. The City does not tax nonbusiness personal property. The City does not permit split payments, and discounts are not allowed. The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes. The City has adopted a tax abatement policy (see "TAX INFORMATION - TAX ABATEMENT POLICY"). Brazos County collects the taxes for the City.

TAX ABATEMENT POLICY . . . The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The value of property subject to abatement is shown in Table 1 on next page.

All applications must meet the following general criteria before being considered for tax abatement.

1. The project expands the local tax base.
2. The project creates permanent full time employment.
3. The project would not otherwise be developed.
4. The project makes a contribution to enhancing further economic development.
5. The project must remain in good standing to all aesthetic and environmental concerns.
6. The project has not been started and no construction has commenced at the time the application is approved.
7. The project must not have any of the following objections:
 - I. there would be substantial adverse affect on the provision of government service or tax base,
 - II. the applicant has insufficient financial capacity,
 - III. planned or potential use of the property would constitute a hazard to public safety,
 - IV. planned or potential use of the property would give adverse impacts to adjacent properties, or
 - V. any violation of laws of the United States or State of Texas or ordinances of the City of College Station would result.

If the project in the application meets the general criteria, is a facility of a targeted enterprise, and has a capital cost that exceeds \$250,000, then abatement of any or all of the increased value will be considered. In no case would tax abatement exceed the maximum allowed by State law, presently 100% for ten years. Factors to consider in determining the portion of the increased value to be abated and the duration of the abatement agreement include, but are not limited to:

- Total amount of the increased value;
- Total number of jobs created;
- Type of jobs created;
- Dollar value of payroll created; and
- Other municipal costs and revenues associated with the application.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2006/07 Market Valuation Established by Brazos County Appraisal District (excluding exempt property)		\$ 4,232,785,245
Less Exemptions/Reductions at 100% Market Value:		
Productivity Loss	\$ 59,523,780	
Over 65 Homestead Exemptions	52,205,360	
Abatements	38,305,193	
Freeport	14,050,533	
Homestead Cap Adjustment	10,907,270	
Disabled Veteran	2,263,000	
Proration	242,464	
House Bill 366 ⁽¹⁾	117,099	
	<u>117,099</u>	<u>177,614,699</u>
2006/07 Taxable Assessed Valuation		\$ 4,055,170,546
Debt Payable from Ad Valorem Taxes (as of 4-1-2007)		
General Obligation and Refunding Bonds, Series 1996	\$ 925,000	
General Obligation Improvement Bonds, Series 1998	1,405,000	
General Obligation Improvement Bonds, Series 1999	4,150,000	
Certificates of Obligation, Series 2000	465,000	
General Obligation Improvement Bonds, Series 2000	1,645,000	
Certificates of Obligation, Series 2000A	5,100,000	
Certificates of Obligation, Series 2001	1,265,000	
General Obligation Improvement Bonds, Series 2001	2,105,000	
Certificates of Obligation, Series 2002	9,240,000	
General Obligation Improvement Bonds, Series 2002	4,895,000	
Certificates of Obligation, Series 2003	210,000	
Certificates of Obligation, Series 2003A	690,000	
General Obligation Bonds, Series 2003	4,235,000	
Certificates of Obligation, Series 2004	8,240,000	
General Obligation Improvement and Refunding Bonds, Series 2004	10,650,000	
General Obligation Improvement Bonds, Series 2005	5,175,000	
Certificates of Obligation, Series 2005	4,955,000	
Certificates of Obligation, Series 2006	7,395,000	
General Obligation Improvement Bonds, Series 2006	6,570,000	
General Obligation Refunding Bonds, Series 2006	10,255,000	
The Bonds	3,930,000	
The Certificates	<u>3,960,000</u>	<u>97,460,000</u>
Less: Self Supporting Debt Service		\$ 10,610,000
Less: Interest and Sinking Fund as of 4-1-2007		<u>4,079,297</u> ⁽²⁾
Net Debt Payable from Ad Valorem Taxes		<u>\$ 82,770,703</u>
Ratio of Ad Valorem Net Tax Debt to Taxable Assessed Valuation		2.04%

2007 Estimated Population - 82,750
Per Capita Taxable Assessed Valuation - \$49,005
Per Capita Net Funded Debt - \$1,000

(1) HB 366 was passed by the 74th Legislature and exempts personal property and minerals that have an aggregate value of less than \$500.
(2) Unaudited.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value, Fiscal Year Ending September 30,					
	2007		2006		2005	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,107,098,264	49.78%	\$ 1,853,065,660	48.64%	\$ 1,693,764,730	49.12%
Real, Residential, Multi-Family	674,119,847	15.93%	602,594,233	15.82%	579,313,589	16.80%
Real, Vacant Lots/Tracts	68,339,995	1.61%	74,999,272	1.97%	66,205,810	1.92%
Real, Acreage (Land Only)	112,254,640	2.65%	97,944,690	2.57%	77,366,480	2.24%
Real, Farm and Ranch Improvements	12,438,960	0.29%	11,695,000	0.31%	10,491,800	0.30%
Real, Commercial/Industrial	889,257,569	21.01%	816,798,231	21.44%	678,592,264	19.68%
Real, Oil, Gas & Other Mineral Reserves	6,291,183	0.15%	4,817,922	0.13%	3,743,710	0.11%
Real and Tangible Personal, Utilities	36,558,880	0.86%	42,265,280	1.11%	47,068,170	1.36%
Tangible Personal, Business	304,257,717	7.19%	284,214,050	7.46%	264,132,482	7.66%
Tangible Personal, Other	2,695,540	0.06%	2,816,130	0.07%	3,024,720	0.09%
Real Property Inventory	11,769,640	0.28%	11,656,880	0.31%	18,496,425	0.54%
Special Inventory	7,703,010	0.18%	6,656,050	0.17%	6,256,900	0.18%
Total Appraised Value Before Exemptions	\$ 4,232,785,245	100.00%	\$ 3,809,523,398	100.00%	\$ 3,448,457,080	100.00%
Less: Total Exemptions/Reductions	177,614,699		164,038,817		157,325,638	
Taxable Assessed Value	<u>\$ 4,055,170,546</u>		<u>\$ 3,645,484,581</u>		<u>\$ 3,291,131,442</u>	

Category	Taxable Appraised Value, Fiscal Year Ending September 30,			
	2004		2003	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,497,903,267	47.17%	\$ 1,305,123,758	46.03%
Real, Residential, Multi-Family	582,197,865	18.33%	543,671,950	19.18%
Real, Vacant Lots/Tracts	64,305,345	2.02%	61,488,980	2.17%
Real, Acreage (Land Only)	73,572,440	2.32%	58,043,010	2.05%
Real, Farm and Ranch Improvements	9,957,510	0.31%	5,627,110	0.20%
Real, Commercial/Industrial	636,939,757	20.06%	567,471,371	20.02%
Real, Oil, Gas & Other Mineral Reserves	3,417,620	0.11%	2,889,430	0.10%
Real and Tangible Personal, Utilities	44,083,230	1.39%	44,621,630	1.57%
Tangible Personal, Business	239,851,270	7.55%	229,678,206	8.10%
Tangible Personal, Mobile Home	3,328,650	0.10%	3,589,940	0.13%
Tangible Personal, Other	14,117,150	0.44%	7,051,743	0.25%
Real Property Inventory	5,999,900	0.19%	5,906,780	0.21%
Total Appraised Value Before Exemptions	\$ 3,175,674,004	100.00%	\$ 2,835,163,908	100.00%
Less: Total Exemptions/Reductions	146,766,590		111,598,455	
Taxable Assessed Value	<u>\$ 3,028,907,414</u>		<u>\$ 2,723,565,453</u>	

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

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2002	72,500	\$ 2,489,560,083	\$ 34,339	\$ 74,945,000	3.01%	\$ 1,034
2003	75,763	2,723,565,453	35,948	75,695,000	2.78%	999
2004	80,219	3,028,907,414	37,758	81,790,000	2.70%	1,020
2005	81,699	3,291,131,442	40,284	88,905,000	2.70%	1,088
2006	81,930	3,645,484,581	44,495	97,320,000	2.67%	1,188
2007	82,750	4,055,170,546	49,005	97,460,000 ⁽³⁾	2.40% ⁽³⁾	1,178 ⁽³⁾

- (1) Source: The City.
- (2) As reported by the Brazos County Appraisal District; subject to change during the ensuing year.
- (3) Projected, includes the Obligations.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2002	\$ 0.4777	\$ 0.1846	\$ 0.2931	\$ 11,892,629	97.29%	97.97%
2003	0.4777	0.1946	0.2831	13,010,508	96.81%	98.63%
2004	0.4653	0.1921	0.2732	14,092,814	97.86%	98.75%
2005	0.4640	0.1942	0.2698	15,270,852	98.04%	98.85%
2006	0.4394	0.1896	0.2498	16,018,259	98.26%	98.74%
2007	0.4394	0.1910	0.2484	17,818,419	⁽¹⁾	⁽¹⁾

- (1) In process of collection.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2006/2007 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
College Station Hospital L.P.	Medical	\$ 63,611,280	1.57%
C B L & Associates Properties	Retail	52,820,675	1.30%
Alkossier/Weinberg	Housing	34,255,560	0.84%
Wal-Mart/Sam's	Retail	26,849,675	0.66%
Verizon Communications, Inc.	Utility	25,939,810	0.64%
Commonwealth Austin CH LP	Apartments	25,710,420	0.63%
University Heights-College Station	Housing	21,934,080	0.54%
HEB Pantry Foods	Retail	20,220,035	0.50%
University Commons	Apartments	19,305,630	0.48%
SCI Gateway	Apartments	18,929,970	0.47%
		<u>\$ 309,577,135</u>	<u>7.63%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE OBLIGATIONS - TAX RATE LIMITATION").

TABLE 6 - TAX ADEQUACY

Net Maximum Principal and Interest Requirements (2008)	11,431,123 ⁽¹⁾
\$0.29061 Tax Rate at 97% Collection Produces	11,431,163
Net Average Principal and Interest Requirements (2007-2027).....	6,491,503 ⁽¹⁾
\$0.16503 Tax Rate at 97% Collection Produces	6,491,542

(1) Includes the Obligations. Excludes self supported debt. Interest has been estimated for the purpose of illustration.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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

	2006/07 Taxable Assessed Value ⁽¹⁾	2006/07 Tax Rate	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt as of 6-01-07	Authorized But Unissued Tax Debt as of 4-01-07
City of College Station	\$ 4,055,170,546	\$ 0.4394	\$ 97,460,000 ⁽²⁾	100.00%	\$ 97,460,000	\$ 16,485,000
Brazos County	7,938,521,181	0.4550	48,920,000	48.94%	23,941,448	10,000
Bryan ISD	3,460,473,064	1.6300	91,240,000	5.39%	4,917,836	54,251,947
College Station ISD	4,221,946,987	1.4800	50,215,000	91.22%	45,806,123	0
Total Direct and Overlapping Funded Tax Debt					\$172,125,407	
Ratio of Direct and Overlapping Funded Tax Debt to Taxable Assessed Valuation					4.24%	
Per Capita Overlapping Funded Tax Debt					2,080	

Source: Municipal Advisory Council of Texas.

(1) Taxable Assessed Valuation for Fiscal Year 2007.

(2) Projected, includes the Obligations.

DEBT INFORMATION

TABLE 8 - PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS

Year End 9/30	Total Outstanding Debt	The Bonds			The Certificates			Less: Self-Supported Debt Service ⁽¹⁾	Total Debt Service Requirements
		Principal	Interest ⁽¹⁾	Total	Principal	Interest ⁽¹⁾	Total		
2007	\$ 12,032,244						\$ 1,773,445	\$ 10,258,799	
2008	10,493,888	\$ 1,150,000	\$ 184,161	\$ 1,334,161	\$ 1,150,000	\$ 185,798	\$ 1,335,798	1,732,723	11,431,123
2009	9,355,976	90,000	143,588	233,588	90,000	145,163	235,163	694,663	9,130,063
2010	9,371,299	90,000	138,863	228,863	95,000	140,306	235,306	692,564	9,142,904
2011	8,972,051	95,000	134,006	229,006	100,000	135,188	235,188	693,870	8,742,375
2012	8,924,443	100,000	128,888	228,888	105,000	129,806	234,806	693,651	8,694,485
2013	8,674,364	110,000	123,375	233,375	110,000	124,163	234,163	692,351	8,449,551
2014	8,322,296	115,000	117,469	232,469	115,000	118,256	233,256	690,451	8,097,570
2015	8,125,054	120,000	111,300	231,300	120,000	112,088	232,088	692,570	7,895,871
2016	7,701,264	125,000	104,869	229,869	130,000	105,525	235,525	693,301	7,473,357
2017	7,605,794	135,000	98,044	233,044	135,000	98,569	233,569	692,779	7,379,627
2018	6,308,890	140,000	90,825	230,825	140,000	91,350	231,350	691,088	6,079,977
2019	5,469,572	150,000	83,213	233,213	150,000	83,738	233,738	692,893	5,243,629
2020	5,478,869	155,000	75,206	230,206	155,000	75,731	230,731	693,257	5,246,549
2021	3,863,903	165,000	66,806	231,806	165,000	67,331	232,331	692,128	3,635,912
2022	3,394,081	175,000	57,881	232,881	175,000	58,406	233,406	693,994	3,166,375
2023	3,403,119	185,000	48,431	233,431	185,000	48,956	233,956	694,069	3,176,438
2024	2,991,778	190,000	38,588	228,588	195,000	38,981	233,981	691,875	2,762,472
2025	1,795,700	200,000	28,350	228,350	205,000	28,481	233,481		2,257,531
2026	1,100,531	215,000	17,456	232,456	215,000	17,456	232,456		1,565,444
2027		225,000	5,906	230,906	225,000	5,906	230,906		461,813
	<u>\$ 133,385,116</u>	<u>\$ 3,930,000</u>	<u>\$ 1,797,224</u>	<u>\$ 5,727,224</u>	<u>\$ 3,960,000</u>	<u>\$ 1,811,198</u>	<u>\$ 5,771,198</u>	<u>\$ 14,591,672</u>	<u>\$ 130,291,865</u>

(1) Interest has been estimated at the rate of 5.50% per annum for purpose of illustration.

(2) See TABLE 10 – SELF SUPPORTING DEBT and the accompanying footnotes.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Ad Valorem Tax Net Debt Service Requirements, Fiscal Year Ending September 30, 2007		\$ 10,258,799
Interest and Sinking Fund, September 30, 2006	\$ 3,072,775	
Interest and Sinking Fund Tax Levy @ 97% Collection	9,770,852	
Budgeted Investment Earnings	100,000	
Budgeted Transfers	<u>551,625</u>	<u>13,495,252</u>
Estimated Balance, September 30, 2007		\$ 3,236,453

TABLE 10 – SELF-SUPPORTING DEBT

Year End 9/30	Electric Fund ⁽¹⁾	Wastewater Fund ⁽¹⁾	Wolf Pen Creek TIF ⁽²⁾	Total Self-Supporting Debt Service ⁽³⁾
2007	\$ 376,014	\$ 318,656	\$ 1,078,775	\$ 1,773,445
2008	373,620	316,628	1,042,475	1,732,723
2009	376,010	318,653		694,663
2010	374,874	317,690		692,564
2011	375,581	318,289		693,870
2012	375,463	318,188		693,651
2013	374,759	317,592		692,351
2014	373,730	316,721		690,451
2015	374,877	317,693		692,570
2016	375,273	318,028		693,301
2017	374,990	317,789		692,779
2018	374,075	317,013		691,088
2019	375,052	317,841		692,893
2020	375,249	318,008		693,257
2021	374,638	317,490		692,128
2022	375,648	318,346		693,994
2023	375,688	318,381		694,069
2024	374,501	317,374		691,875
	<u>\$ 6,750,042</u>	<u>\$ 5,720,380</u>	<u>\$ 2,121,250</u>	<u>\$ 14,591,672</u>

- (1) Includes a portion of the City’s Combination Tax and Revenue Certificates of Obligation, Series 2004.
- (2) Includes a portion of the City’s Combination Tax and Revenue Certificates of Obligation, Series 2002, and Combination Tax and Revenue Certificates of Obligation, Series 2005.
- (3) The debt service described in this table is general obligation debt for which repayment is provided from revenues from other sources. It is the City’s current policy to provide these payments from such sources. There is no assurance that the use of these sources to make these payments will continue in the future. If payments are not made from such sources in the future, the difference will be paid for with ad valorem taxes.

TABLE 11 - AUTHORIZED BUT UNISSUED TAX BONDS

Date of Authorization	Purpose	Amount Authorized	Issued To Date	The Bonds	Unissued
1/24/1984	Fire Substation Building ⁽¹⁾	\$ 700,000	\$ 0	\$ 0	\$ 700,000
1/24/1984	Street Improvements ⁽¹⁾	6,325,000	5,825,000	0	500,000
11/4/2003	Street Improvements	17,980,000	5,347,000	2,100,000	10,533,000
11/4/2003	Traffic Management	3,000,000	1,343,000	600,000	1,057,000
11/4/2003	Park Improvements	8,105,000	6,835,000	1,230,000	40,000
11/4/2003	Municipal Complex Improvements	7,610,000	3,955,000	0	3,655,000
11/4/2003	Fire Station Improvements	1,710,000	1,710,000	0	0
		<u>\$ 45,430,000</u>	<u>\$ 25,015,000</u>	<u>\$ 3,930,000</u>	<u>\$ 16,485,000</u>

- (1) Contain projects which may have been completed or abandoned; therefore, these bonds are not likely to ever be issued.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt payable from ad valorem taxes within the next 12 months.

OTHER OBLIGATIONS . . . As of September 30, 2006, the City has no outstanding capital leases or loans.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B - EXCERPTS FROM THE CITY OF COLLEGE STATION, TEXAS ANNUAL FINANCIAL REPORT" - Note D.)

FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	For Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Revenues:					
Taxes	\$ 26,080,234	\$ 23,889,473	\$ 22,992,760	\$ 20,994,078	\$ 19,904,565
Licenses & Permits	945,593	1,025,013	1,112,766	1,012,960	870,636
Intergovernmental	639,712	590,079	351,324	487,934	423,126
Charges for Services	2,755,283	2,480,781	2,398,165	2,403,316	2,067,813
Fines, Forfeits and Penalties	3,285,907	3,518,913	2,956,836	2,654,154	2,225,354
Special Assessments	131,823	225	-	-	-
Investment Income	577,966	258,048	213,297	281,092	438,885
Rents & Royalties	244,864	243,831	251,042	112,993	113,724
Contributions	12,281	37,082	9,619	20,987	21,475
Reimbursed Expenditures	131,249	-	20,393	7,258	32,803
Other	194,843	265,437	198,622	182,810	171,298
Total Revenues	<u>\$ 34,999,755</u>	<u>\$ 32,308,882</u>	<u>\$ 30,504,824</u>	<u>\$ 28,157,582</u>	<u>\$ 26,269,679</u>
Expenditures:					
General Government	\$ 4,023,708	\$ 4,063,802	\$ 3,903,731	\$ 3,477,648	\$ 3,401,789
Fiscal Services	3,025,966	3,029,144	2,479,082	2,319,008	2,153,217
Police Department	11,559,669	10,829,081	9,803,577	9,143,331	8,914,893
Fire Department	8,493,228	7,964,785	7,275,289	6,989,125	6,405,874
Development Services	1,877,732	1,962,603	1,964,001	1,935,277	1,883,224
Parks and Recreation	7,519,961	6,778,068	6,387,846	6,279,342	6,045,622
Office of Technology & Information	2,596,591	2,500,518	2,346,534	2,320,950	2,293,734
Public Works	7,103,339	6,100,247	5,534,404	5,292,243	5,211,720
Library Services	870,203	694,445	665,291	681,350	734,083
Reimbursed Administrative	(6,035,345)	(6,052,138)	(5,486,919)	(6,013,085)	(5,823,852)
Contributions	526,689	595,742	1,289,389	445,251	208,485
Other	82,021	256,636	164,287	91,428	96,564
Debt Service - Issuance Costs	-	-	195,000	41,098	-
Capital Outlay	523,817	796,245	978,568	673,305	150,000
Total Expenditures	<u>\$ 42,167,579</u>	<u>\$ 39,519,178</u>	<u>\$ 37,500,080</u>	<u>\$ 33,676,271</u>	<u>\$ 31,675,353</u>
Other Financing Sources (Uses):					
Proceeds from Long-term Debt	\$ -	\$ 859,621	\$ 8,915,000	\$ 1,000,000	\$ -
Sale of General Fixed Assets	17,500	12,182	4,386	19,563	30,106
Operating Transfers In	8,103,371	7,444,644	7,028,260	6,741,826	6,534,900
Operating Transfers Out	(151,564)	(1,638,578)	(9,499,773)	(1,103,590)	(480,807)
Total Other Financing Sources (Uses)	<u>\$ 7,969,307</u>	<u>\$ 6,677,869</u>	<u>\$ 6,447,873</u>	<u>\$ 6,657,799</u>	<u>\$ 6,084,199</u>
Net Change in Fund Balance	\$ 801,483	\$ (532,427)	\$ (547,383)	\$ 1,139,110	\$ 678,525
Fund Balance, Beginning of Year	<u>10,170,525</u>	<u>10,702,952</u>	<u>11,250,335</u>	<u>10,111,225</u>	<u>9,432,700</u>
Fund Balance, End of Year	<u>\$ 10,972,008</u>	<u>\$ 10,170,525</u>	<u>\$ 10,702,952</u>	<u>\$ 11,250,335</u>	<u>\$ 10,111,225</u>

⁽¹⁾ The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus may be expended in future years for one time expenditures such as capital items and short term projects.

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, VATCS, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In May 1990, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½% of 1%).

Fiscal Year Ended 9-30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽¹⁾
2002	\$ 13,400,054	112.68%	\$ 0.54	\$ 185
2003	13,780,639	105.92%	0.51	182
2004	14,957,697	106.14%	0.49	186
2005	15,445,404	101.14%	0.47	189
2006	17,082,936 ⁽²⁾	106.65%	0.47	209

(1) Represents collections of 1 ½ %.

(2) Based on population estimates provided by the City.

FINANCIAL POLICIES

GASB 34 . . .The City is a Phase II City which required GASB 34 implementation for the fiscal year ended September 30, 2003.

GASB 45 . . .The Governmental Accounting Standards Board (“GASB”) Statement No. 45 establishes standards for the measurement, recognition, and display of the OPEB expense and related liabilities, note disclosures, and required supplementary information in the financial reports of the state and local governments. The City is considered a phase II government under Statement No. 45 and is not required to implement the standard until fiscal year 2009. In order to take a proactive approach to understanding and addressing the City’s OPEB liability, on May 24, 2006, the City issued a request for proposals for an actuarial analysis of future liabilities for Other Post Employment Benefits under GASB 45. The actuarial firm of Rudd and Wisdom, Inc. was chosen to perform the study, and on December 14, 2006 they delivered a pro forma study to the City. This study: 1) outlines actuarial cost methods and past-service liability actuarial amortization methods available to the City, 2) reviews the actuarial assumptions and data used in the study, 3) discusses the effect of prefunding the annual required contribution, 4) discusses the current plan structure, 5) discusses design options, and 6) outlines the steps the City needs to take prior to implementing GASB 45.

City staff has performed an initial review of the pro forma study and a preliminary discussion with actuary has taken place. At this point the staff plans are to: 1) evaluate, with the assistance of the actuary and our benefits consultant, the impact of changes to the current plan structure, 2) evaluate, with the assistance of the City’s financial advisor, possible funding options, and 3) prepare and present a comprehensive overview with recommendations and a funding strategy to the City Council.

The study included pro forma valuation results as of October 1, 2005. The present value of future benefits totaled \$22,834,808. The annual OPEB cost for FYE 9/30/2006 was calculated under the following 3 costs methods: 1)Aggregate Method = \$3,045,050, 2) PUC-ARFS Method = \$2,338,410, and 3) FEAN-30 year Method = \$1,953,445.

Basis of Accounting . . .The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Government funds are used to account for the City’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund . . .The General Fund is the City’s primary operating fund. It is used to account for all activities typically considered governmental functions of the City. These include Public Safety, Public Works, Parks and Recreation, Economic and Planning and Development Services, the support functions for these areas, and the administrative functions for the City.

The General Fund for the 2006-07 fiscal year is influenced by current policies and any approved policy changes. The policies include inter-fund equity; maintaining a balance between revenues and expenditures; and maintaining the level of service currently provided as the City experiences residential and commercial growth.

The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus is to be expended in future years for one time expenditures such as capital items and short term projects.

Debt Service Fund . . . The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. It is the City's policy to maintain at least 8 1/3% of annual appropriated expenditures for debt service and any associated fees as the Debt Service Fund balance at fiscal year end. The City is in compliance with that policy.

Budgetary Procedures . . . Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. All budget requests are compiled by the Finance Department and presented with comparative and supporting data to the Mayor and City Council for review. Public hearings are properly advertised and conducted at City Hall for taxpayer comments. Prior to September 27, the budget is legally enacted through passage of an ordinance. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditure of any fund. An amount is also budgeted each year for contingencies which may arise.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit meeting the requirements of Chapter 2256, Texas Government Code (the "PFIA") that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (5) and clause (12), which are intended to include all direct federal agency or instrumentality issues that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for City deposits, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (10) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (11) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (12) bonds, notes or other obligations, issued by the State of Israel, and (13) public funds investment pools that have an advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent or no lower than investment grade with a weighted average maturity of no greater than 90 days. In addition, the City may invest bond proceeds in accordance with the terms of a guaranteed investment contract, consistent with the provisions of the PFIA.

A political subdivision such as the City may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (5) and clause (12) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (5) above, clauses (9) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating

service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

Under Texas law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution. The City has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

CITY'S INVESTMENT POLICY. . .The Chief Financial Officer will promptly invest all City funds with the Bank Depository in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the City Council has authorized under the provisions of the PFIA, as amended, and in accordance with the City Council approved Investment Policies.

At the end of each fiscal year, a report on investment performance will be provided to the City Council. In conjunction with the quarterly financial report, the Chief Financial Officer will prepare and provide a written recapitulation of the City's investment portfolio to the Council, detailing each City investment instrument with its rate of return and maturity date.

TABLE 14 - CURRENT INVESTMENTS

As of March 31, 2007, the City's investable funds were invested in the following categories:

Investment Type	Book Value	Market Value
Demand Bank Accounts	\$ 4,725,149	\$ 4,725,149
Pooled Cash (Texpool)	58,182,666	58,182,666
Money Market Mutual Fund (Fidelity)	1,899,957	1,899,957
Federal Agency Securities	52,888,100	52,684,028
Federal Treasury Securities	8,783,673	8,876,251
	\$ 126,479,545	\$ 126,368,051

TAX MATTERS**OPINION**

On the date of initial delivery of each series of the Obligations, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See Appendix C - FORM OF BOND COUNSEL'S OPINION.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the respective Ordinances authorizing each series of the Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds or Certificates, as the case may be, to become includable in gross income retroactively to their date of issuance.

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

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

No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given that the Service would agree with the opinion of Bond Counsel, if the tax-exempt status of the interest on either series of the Obligations were the subject of an audit. If an audit is commenced, under current procedures the Service is likely to treat the City as the "taxpayer", and the owners of the Obligations may have no right to participate in the audit process. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

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

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

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

Interest on the Obligations will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent for corporations, or 26 percent for noncorporate taxpayers (28 percent for taxable income exceeding \$175,000), of the taxpayer's "alternative minimum taxable income," if the amount of such alternative minimum tax is greater than the taxpayer's regular income tax for the taxable year.

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

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

STATE, LOCAL AND FOREIGN TAXES

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the respective series of Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 14 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year. The City will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the State of Texas and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements when and if the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

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

The Municipal Advisory Council of Texas (the "MAC") has been designated by the State of Texas and approved by the SEC staff as a qualified SID. The address of the MAC is 600 West 8th Street, P. O. Box 2177, Austin, Texas 78768-2177, and its telephone number is 512/476-6947.

MATERIAL EVENT NOTICES . . . The City will also provide timely notices of certain events to certain information vendors. The City will provide notice of any of the following events with respect to the Obligations, if such event is material to a decision to purchase or sell Obligations: (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 Obligations; (7) modifications to rights of holders of either series of the Obligations; (8) Obligation calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations; and (11) rating changes. (Neither the Obligations nor the Ordinances make any provision for debt service reserves or liquidity enhancement.) In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "ANNUAL REPORTS." The City will provide each notice described in this paragraph to the SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB"). The foregoing notwithstanding, notices may be made solely by transmitting such filing to the MAC as provided at <http://www.disclosureusa.org>, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID . . . The City has agreed to provide the foregoing information only to NRMSIRs and the SID. The information will be available to holders of Obligations only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

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

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "ANNUAL REPORTS" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

The City did not receive an invoice for debt service requirements due to the bondholders on August 15, 2003 for the Certificates of Obligation, Series 2002, and thus did not make its payment timely. Upon notification of the error, the City wired the required funds to the paying agent on August 22, 2003. A notice of material event was filed. The City has taken remedial steps to ensure that the reasons for the delay would not occur in the future.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the City is rated "Aa3" by Moody's and "AA-" by S&P. The City also has several issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for ratings on the Obligations have been made to Moody's and S&P. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Obligations be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving each series of the Obligations and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on each series of the Obligations will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. Bond Counsel has reviewed the information relating to the Obligations and the Ordinances to determine that such information conforms to the Ordinances. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. In connection with the transactions described in the Official Statement, Bond Counsel represents only the City.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

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

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

INITIAL PURCHASER

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the inside front cover of this Official Statement at a purchase price of _____% of the principal amount thereof plus a cash premium of \$_____. The initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of, the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds.

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on the inside front cover of this Official Statement at a purchase price of _____% of the principal amount thereof plus a cash premium of \$_____. The initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of, the Initial Purchaser of the Certificates. The City has no control over the price at which the Certificates are subsequently sold. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser of the Certificates. The Initial Purchaser of the Bonds and the Initial Purchaser of the Certificates are sometimes referred to in this Official Statement collectively as the "Initial Purchasers."

CERTIFICATION OF THE OFFICIAL STATEMENT

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

The Ordinances authorizing the issuance of the Obligations will also approve the form and content of this Official Statement, and any addenda or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

Mayor
City of College Station, Texas

ATTEST:

City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City, located in Brazos County, is situated in the middle of a triangle bounded by Dallas/Ft. Worth, Houston, and San Antonio/Austin. Approximately 80% of the Texas population is located within a 200 mile radius of the City. The City is principally a residential community for faculty, students and other personnel of Texas A&M University. The City periodically accesses technical information and assistance made available by Texas A&M University.

The City was incorporated in 1938 and has a Council-City Manager form of government with City employees totaling 886 currently.

The City adopted and enforces comprehensive zoning and building restrictions aimed at assuring orderly growth and development. The City's ordinances require all subdividers, at their own expense and without provision for refund, to install streets and water and wastewater lines in any planned subdivision. These facilities are constructed under the City's specifications and inspection and when completed are deeded to the City free and clear. All areas within the City are now adequately served with water, wastewater and electric service.

CITY OWNED FACILITIES

The City has constructed a major part of its present facilities out of current revenues. Approximately 395 miles of streets (99%) within the City are hard surface. The City has a complete water distribution, wastewater collection and treatment system with 644 miles of wastewater and water lines. The City owns the electrical distribution system with approximately 400 miles of distribution lines, and purchases its electricity from American Electric Power.

The City has a fully equipped police department with 114 full time police officers and 51 support personnel. The department has 29 police patrol cars and one holding facility with a capacity of 17. The fire department consists of 116 full time units and 4 part time units. There are five stations and a total of 6 engines, 1 quint, 5 ambulances, 1 command vehicle, 1 rescue truck, and 1 ladder truck.

EDUCATIONAL FACILITIES

The College Station Independent School District is a fully accredited system offering 11 educational campuses for pre-kindergarten through high school. The School District has a student enrollment in excess of 8,700 and employs over 1,100 people. The School District's facilities are also used by Blinn College, a community college offering two years of college level courses.

Texas A&M University provides higher educational facilities, offering both four year college programs and graduate degree programs.

HEALTH CARE

The College Station Medical Center is located on 25 acres within the City. The 200,000 square foot facility is a full care hospital containing 150 beds and employing more than 400 people. Other area health care providers include: St. Joseph Regional Health Care Center, Scott & White Clinic, and The Physicians Centre.

TRANSPORTATION

U.S. Highway 190/State Highway 21 links the City to Interstate 45 which is located approximately 35 miles to the east. State Highway 21 via U.S. Highway 290 also links the City to Austin, located approximately 110 miles to the west. State Highway 6 links the City to Waco (100 miles) and Interstate 35 to the north, and Houston (90 miles) to the south. Also, State Highway 30 links the City to Huntsville (45 miles) and Interstate 45 to the east.

Airlines Commercial, corporate and private airport facilities are provided by Easterwood Airport, which is located on the City's west side and is owned and operated by Texas A&M University. American Eagle Airlines provides daily flights to and from Dallas-Fort Worth Airport out of Easterwood. Continental Connection provides daily flights to and from Houston Bush Intercontinental Airport out of Esterwood.

Coulter Field is located north of the City of Bryan and provides a recently completed 4,000 foot lighted runway. Coulter Field offers all types of services for the private aircraft.

Bus Lines Two bus lines serve the City with daily service connecting the City with Houston and Dallas.

Railroads Rail freight service is provided by the Union Pacific Railroad. Union Pacific Railroad operates a main freight line from Houston through Bryan-College Station to Dallas-Fort Worth and beyond.

RECREATION

The College Station park system presently includes 46 parks encompassing 1,274 acres, including a 515 acre wilderness park. Collectively, these parks contain 46 playgrounds, 31 soccer fields, 20 basketball courts, 32 softball/baseball diamonds, 3 swimming pools, a gymnasium, and a number of picnic shelters. The Parks Department sponsors a variety of organized athletic and aquatic programs as well as many special events throughout the year.

POPULATION

	Official U.S. Census						
	1940	1950	1960	1970	1980	1990	2000
City of College Station	2,184	7,925	11,396	17,676	37,272	52,456	67,890
Brazos County	26,977	38,390	44,895	57,978	93,588	121,862	152,415

ECONOMIC BACKGROUND

Texas A&M University and System

Of major importance to the City is Texas A&M University which has a 5,200 acre campus located within the City. The City is principally a residential community for faculty, students and other personnel of the University. Texas A&M University and its System are the largest employer in Brazos County and a major contributor to the local economy. Texas A&M has a significant economic impact on the City, contributing an estimated \$1 billion annually to the local economy. Texas A&M has consistently ranked in the top fifty nationally among public institutions of higher education in both enrollment and research grants. Research dollars totaled approximately \$569 million for 2006. The University has approximately 21,000 permanent and part-time employees with a payroll of approximately \$724.7 million and has a physical plant valued in excess of \$1 billion.

Texas A&M had an enrollment of 45,380 students during the fall semester of 2006. There are currently over 600 National Merit Scholars enrolled at Texas A&M University, ranking in the nation's top 20 universities for National Merit Scholar enrollment.

Student Rec Center

The Student Rec Center is a 286,000 square foot building located on the Texas A&M University campus. The Center includes multi-purpose gyms with badminton, basketball and volleyball courts, indoor soccer courts with dasher boards, 14 racquetball/handball courts, and two squash courts with glass backwalls. The Center is home to a 14,000-square foot area with machine weights, free weights, cardio-vascular equipment, and a cardio-theater; five activity rooms for aerobics, dance and martial arts; and a quarter-mile four-lane walking/jogging track. It features a 44-foot indoor rock climbing facility with interchangeable hand and footholds, an outdoor activity area with a six-lane lap, and a free-form pool with a cool water spa. The building also houses a natatorium that seats 2,500 with a 50-meter, eight-lane Olympic-size pool, a five-lane instructional pool, a diving well with one and three meter springboards and competitive platforms, and hot tubs.

George Bush Presidential Library and Museum

The City is the site of the George Bush Presidential Library and Museum, located on the campus of Texas A&M University. Texas A&M provides programs and facilities such as research and instructional programs related to the library and museum, a conference center, communications center, educational museum/library center, and family-oriented facilities such as a park surrounding the presidential library and museum.

Reed Arena

Reed Arena is a special events center located on the Texas A&M University campus. The Arena seats up to 12,500 people and is the largest such facility in the Brazos Valley area. The center attracts athletic events, concerts and exhibits.

MAJOR AREA EMPLOYERS

<u>Firm Name</u>	<u>Product</u>	<u>Number of Employees</u>
Texas A&M University and System	Education/Research	16,000+
Bryan ISD	Education	1,949
St. Joseph's Regional Hospital	Health Services	1,590
Sanderson Farms, Inc.	Poultry Processing	1,539
College Station ISD	Education	1,400
Universal Computer Systems	Computer Hardware and Software	959
City of Bryan	Government	889
City of College Station	Government	886
Brazos County	Government	751
Walmart	Retail	650
Alenco	Windows	611
HEB Grocery	Retail	590
Scott & White Clinic	Health Services	553
West Corporation	Telecommunication	550
College Station Medical Center	Health Services	420

Source: Research Valley Partnership.

In addition to the University, employment is provided by more than 85 manufacturing industries located in, or adjacent to, the City which produce such products as aluminum windows, furniture, chemicals, dairy products, feeds and fertilizers, modular homes, bronze castings, and geophysical survey sensors. A growing research park is located within the Texas A&M campus. Major tenants include the Offshore Technology Research Center and the Food Safety Inspection School National Training Center. Automated Management systems provides a major automated accounting service for independent property and casualty insurance agents. The City has also developed the College Station Business Center, a 200-acre business park. Tenants within the park include Universal Computer Systems ("UCS"), which employs approximately 960 people; Cox Media, a graphics advertising business; Prodigene, a biotechnology research business; and Stata Corporation, a software research business.

LABOR STATISTICS

College Station

<u>Year ⁽¹⁾</u>	<u>Labor Force</u>	<u>Total Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2002	31,667	31,088	579	1.8%
2003	33,005	32,210	795	2.4%
2004	33,372	32,669	703	2.1%
2005	39,963	38,482	1,481	3.7%
2006	40,556	38,858	1,698	4.2%
2007 ⁽²⁾	40,415	38,939	1,476	3.7%

Brazos County

<u>Year ⁽¹⁾</u>	<u>Labor Force</u>	<u>Total Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2002	79,524	78,143	1,381	1.7%
2003	82,861	80,965	1,896	2.3%
2004	86,095	82,433	3,662	4.3%
2005	87,489	84,035	3,454	3.9%
2006	88,190	84,627	3,563	4.0%
2007 ⁽²⁾	87,961	84,803	3,158	3.6%

Source: Texas Workforce Commission.

(1) Because of methodology changes in geographical areas below the state level, data from 2004 or earlier is not considered comparable.

(2) Average through March.

BUILDING PERMITS

College Station has grown rapidly over the past 30 years as evidenced by an increase in population from 17,676 in 1970 to 67,890 in 2000. The following table sets forth the number and value of construction permits issued by the City over the past several years.

Year	Residential Construction		Commercial Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2002	1,207	\$ 107,907,265	307	\$ 38,926,808	1,514	\$ 146,834,073
2003	1,127	138,484,780	315	49,408,634	1,442	187,893,414
2004	985	100,504,006	366	114,543,138	1,351	215,047,144
2005 ⁽¹⁾	1,991	127,265,816	419	31,169,195	2,410	158,435,011
2006	1,048	126,249,768	410	57,162,203	1,458	183,411,971

Source: The City.

(1) Overall in 2005, residential construction permits are higher in 2005 than 2004 because in 2005 there were 1195 roofing permits as the result of a major hailstorm in College Station. The total numbers of permits issued for single family homes and multi-family units was 627 in 2005 as compared to 644 in 2004.

COUNTY CHARACTERISTICS

Brazos County was created in 1841 from Robertson and Washington Counties. The economy is diversified primarily by agribusiness, computer manufacturing, research and development, and education. The Texas Almanac designates cattle, hogs, sorghums, corn, cotton, wheat, oats and pecans as the principal sources of agricultural income.

The County had a 2000 population of 152,415, an increase of 25.07% since 1990. Minerals produced in the County include sand and gravel, lignite, gas and oil.

APPENDIX B

EXCERPTS FROM THE
CITY OF COLLEGE STATION, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2006

The information contained in this Appendix consists of excerpts from the City of College Station, Texas Annual Financial Report for the Year Ended September 30, 2005, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF OPINIONS OF BOND COUNSEL

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

\$3,930,000

**CITY OF COLLEGE STATION, TEXAS
(a Home Rule City located in Brazos County, Texas)
GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2007**

SEALED BIDS DUE MONDAY, AUGUST 6, 2007, AT 10:00 A.M., CDST

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS.

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING

The City of College Station, Texas (the "City") is offering for sale its \$3,930,000 General Obligation Improvement Bonds, Series 2007 (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

- (1) Deliver bids directly to the City as described below in "Bids Delivered to the City;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

BIDS DELIVERED TO THE CITY

Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Mayor and City Council, City of College Station, Texas," and delivered in care of Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, prior to 10:00 A.M., CDST, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of the Parity Electronic Bid Submission System ("PARITY"). Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. **Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.**

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BIDCOMP/PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY Customer Support, 40 W. 23rd Street, 5th Floor, New York, New York 10010, telephone: (212) 404-4102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by i-Deal shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

BIDS BY TELEPHONE OR FACSIMILE

Bidders must submit, on or before August 6, 2007, two signed Official Bid Forms plus an envelope marked as described above to Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, and submit their bid by telephone or facsimile on the date of the sale.

Telephone bids will be accepted at (713) 654-8654, between 9:00 A.M. and 9:45 A.M., CDST.

Facsimile bids must be received between 9:00 A.M. and 10:00 A.M., CDST on the date of the sale at (713) 654-8658, attention Drew Masterson.

The City and First Southwest Company are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis. **First Southwest Company will not be responsible for submitting any bids received after the above deadlines.** The City and First Southwest Company assume no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or facsimile options are exercised.

PLACE AND TIME OF BID OPENING

The bids for the Bonds will be publicly opened and read in the office of First Southwest Company, Financial Advisor to the City, 1021 Main Street, Suite 2200, Houston, Texas 77002, at 10:00 A.M. CDST, Monday, August 6, 2007.

AWARD OF THE BONDS

The City Council will take action to award the Bonds (or reject all bids) at a meeting scheduled to convene at 7:00 P.M., CDST, on the date of the bid opening, and adopt an ordinance authorizing the Bonds and approving the Official Statement (the "Ordinance").

THE BONDS

DESCRIPTION . . . The Bonds will be dated September 1, 2007 (the "Dated Date"). Interest will accrue from the Dated Date and will be due on February 15, 2008, and each August 15 and February 15 and thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on February 15 in each year as follows:

MATURITY SCHEDULE

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$ 1,150,000	2018	\$ 140,000
2009	90,000	2019	150,000
2010	90,000	2020	155,000
2011	95,000	2021	165,000
2012	100,000	2022	175,000
2013	110,000	2023	185,000
2014	115,000	2024	190,000
2015	120,000	2025	200,000
2016	125,000	2026	215,000
2017	135,000	2027	225,000

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all of the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Bonds into "Term Bonds," such "Term Bonds" shall be subject to mandatory redemption on the first February 15 next following the last maturity for Serial Bonds, and annually thereafter on each February 15 until the stated maturity for the Term Bonds at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Bonds occurred. At least thirty (30) days prior to each mandatory date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Bonds of the same maturity which at least fifty (50) days prior to a mandatory redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “THE OBLIGATIONS - BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Trust Company, N.A., Dallas, Texas. See “THE OBLIGATIONS - PAYING AGENT/REGISTRAR” in the Official Statement.

SOURCE OF PAYMENT . . . The Bonds constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City.

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Bonds will be sold in one block on an “All or None” basis, and at a price of not less than their par value plus accrued interest from date of the Bonds to the date of delivery of the Bonds. A premium bid in excess of 0.5% of the par amount of the Bonds will not be accepted. Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2% in rate. Using the interest rate established for the February 15, 2017 maturity as the base year, interest rates for successive maturities shall be structured in ascending order such that for each succeeding maturity, rates shall be equal to or greater than the interest rate for the maturity of the preceding year. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state in the bid the true interest cost which shall be considered informative only and not as a part of the bid.

BASIS FOR AWARD . . . The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid, if any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the “City of College Station, Texas,” in the amount of \$78,600.00 is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Bonds.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with the bid, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Bonds has been made.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF BONDS . . . Initial delivery will be accomplished by the issuance of one bond for each maturity (also called the “Initial Bonds”), either in typed or printed form, in the aggregate principal amount of \$3,930,000, payable to the Initial Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bonds, they shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about September 11, 2007 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds by 10:00 A.M., CDST, on September 11, 2007, or thereafter on the date the Bonds are tendered for delivery, up to and including October 9, 2007. If for any reason the City is unable to make delivery on or before October 9, 2007, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial

Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Bonds) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Bonds for sale, such bond may be modified in a manner approved by the City. **In no event will the City fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a bond by the date of delivery of the Bonds, if its bid is accepted by the City. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS . . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Initial Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the City and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement, including the alternative minimum tax on corporations. With respect to the transactions described in the Official Statement, Bond Counsel represents only the City.

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Bonds are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company has agreed, in its Financial Advisory contract, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . Concurrently with the sale of the Bonds, the City is offering for sale its \$3,960,000 Certificates of Obligation, Series 2007, which are secured in part by a pledge of ad valorem taxes. Thereafter, the City does not anticipate the issuance of additional obligations payable from ad valorem taxes within the next 12 months. Concurrently with the issuance of the sale of the Bonds, the City is offering for sale its \$18,665,000 Utility System Revenue Bonds, Series 2007 which are secured by a first lien on and pledge of the Net Revenues of the City's Utility System. The City has not covenanted nor obligated itself to pay the Utility System Revenue Bonds from monies to be raised from taxation.

RATINGS . . . The presently outstanding tax supported debt of the City is rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P"). The City also has other issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for contract ratings on this issue has been made to Moody's and S&P.

MUNICIPAL BOND INSURANCE . . . In the event the Bonds are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor **will be paid by the Initial Purchaser**. Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Initial Purchaser, or Initial Purchasers, acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven (7) business days from the sale date an aggregate of 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of a reprinted Official Statement, if the Initial Purchaser(s) shall so elect, and the cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Official Statement under "Continuing Disclosure of Information". The Initial Purchaser(s)' obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

The City did not receive an invoice for debt service requirements due to the bondholders on August 15, 2003 for the Certificates of Obligation, Series 2002, and thus did not make its payment timely. Upon notification of the error, the City wired the required funds to the paying agent on August 22, 2003. A notice of material event was filed. The City has taken remedial steps to ensure that the reasons for the delay would not occur in the future.

ADDITIONAL COPIES OF NOTICE OF SALE, BID FORM AND OFFICIAL STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, Financial Advisor to the City.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Initial Purchaser.

Mayor
City of College Station, Texas

ATTEST:

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of College Station, Texas

August 6, 2007

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated July 12, 2007 of \$3,930,000 CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2007 (the "Bonds"), both of which constitute a part hereof.

For your legally issued Bonds, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay you par and accrued interest from date of issue to date of delivery to us, plus a cash premium of \$_____ for Bonds maturing and bearing interest as follows:

Maturity		Interest	Maturity		Interest
Feb 15	Principal	Rate	Feb 15	Principal	Rate
2008	\$ 1,150,000	_____ %	2018	\$ 140,000	_____ %
2009	90,000	_____	2019	150,000	_____
2010	90,000	_____	2020	155,000	_____
2011	95,000	_____	2021	165,000	_____
2012	100,000	_____	2022	175,000	_____
2013	110,000	_____	2023	185,000	_____
2014	115,000	_____	2024	190,000	_____
2015	120,000	_____	2025	200,000	_____
2016	125,000	_____	2026	215,000	_____
2017	135,000	_____	2027	225,000	_____

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

Term Bond Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

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

TRUE INTEREST COST _____ %

We are having the Bonds of the following maturities _____ insured by _____ at a premium of \$_____. **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City.**

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

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$78,600.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds at The Bank of New York Trust Company, N.A., Dallas, Texas, not later than 10:00 A.M., CDST, on September 11, 2007 or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the Initial Purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

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

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

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of College Station, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the ____ day of _____, 2007.

ATTEST:

Mayor
City of College Station, Texas

City Secretary

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies with respect to the sale of CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2007 (the "Bonds"), issued in aggregate principal amount of \$3,930,000, as follows:

1. The undersigned is the underwriter or the manager of the syndicate of underwriters which has purchased the Bonds from the City of College Station, Texas (the "Issuer") at competitive sale.
2. The undersigned and/or one or more other members of the underwriting syndicate, if any, have made a bona fide offering to the public of the Bonds of each maturity at the respective prices set forth below.
3. The initial offering price (expressed as a percentage of principal amount or yield and exclusive of accrued interest) for the Bonds of each maturity at which a substantial amount of the Bonds of such maturity was sold to the public is as set forth below:

<u>Principal</u>	<u>Due Feb 15</u>	<u>Initial Offering Price</u>	<u>Principal</u>	<u>Due Feb 15</u>	<u>Initial Offering Price</u>
\$ 1,150,000	2008	_____	\$ 140,000	2018	_____
90,000	2009	_____	150,000	2019	_____
90,000	2010	_____	155,000	2020	_____
95,000	2011	_____	165,000	2021	_____
100,000	2012	_____	175,000	2022	_____
110,000	2013	_____	185,000	2023	_____
115,000	2014	_____	190,000	2024	_____
120,000	2015	_____	200,000	2025	_____
125,000	2016	_____	215,000	2026	_____
135,000	2017	_____	225,000	2027	_____

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
5. The offering prices described above reflect current market prices at the time of such sales.
6. The undersigned and/or one or more other members of the underwriting syndicate, as the case may be, (have)(have not) purchased bond insurance for the Bonds. The bond insurance, if any, has been purchased from _____ (the "Insurer") for a premium cost of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such cost is set forth in the Insurer's commitment and is separately stated from all other fees or charges payable to the Insurer. The premium does not exceed a reasonable charge for the transfer of credit risk taking into account payments charged by guarantors in comparable transactions (including transactions in which a guarantor has no involvement other than as a guarantor). The present value of the debt service savings expected to be realized as a result of such insurance, discounted at a rate equal to the yield on the Bonds which results after recovery of the insurance premium, exceeds the present value of the bond insurance premium.
7. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the excludability of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this _____ day of _____, 2007.

(Name of Underwriter or Manager)

By _____

(Title)

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

\$3,960,000

**CITY OF COLLEGE STATION, TEXAS
(a Home Rule City located in Brazos County, Texas)
CERTIFICATES OF OBLIGATION, SERIES 2007**

SEALED BIDS DUE MONDAY, AUGUST 6, 2007, AT 10:00 A.M., CDST

**THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS.**

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING

The City of College Station, Texas (the "City") is offering for sale its \$3,960,000 Certificates of Obligation, Series 2007 (the "Certificates"). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Deliver bids directly to the City as described below in "Bids Delivered to the City;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

BIDS DELIVERED TO THE CITY

Sealed bids, plainly marked "Bid for Certificates," should be addressed to "Mayor and City Council, City of College Station, Texas," and delivered in care of Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, prior to 10:00 A.M., CDST, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of the Parity Electronic Bid Submission System ("PARITY"). Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. **Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.**

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BIDCOMP/PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY Customer Support, 40 W. 23rd Street, 5th Floor, New York, New York 10010, telephone: (212) 404-4102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by i-Deal shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

BIDS BY TELEPHONE OR FACSIMILE

Bidders must submit, on or before August 6, 2007, two signed Official Bid Forms plus an envelope marked as described above to Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, and submit their bid by telephone or facsimile on the date of the sale.

Telephone bids will be accepted at (713) 654-8654, between 9:00 A.M. and 9:45 A.M., CDST.

Facsimile bids must be received between 9:00 A.M. and 10:00 A.M., CDST on the date of the sale at (713) 654-8658, attention Drew Masterson.

The City and First Southwest Company are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis. **First Southwest Company will not be responsible for submitting any bids received after the above deadlines.** The City and First Southwest Company assume no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or facsimile options are exercised.

PLACE AND TIME OF BID OPENING

The bids for the Certificates will be publicly opened and read in the office of First Southwest Company, Financial Advisor to the City, 1021 Main Street, Suite 2200, Houston, Texas 77002, at 10:00 A.M. CDST, Monday, August 6, 2007.

AWARD OF THE CERTIFICATES

The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 7:00 P.M., CDST, on the date of the bid opening, and adopt an ordinance authorizing the Certificates and approving the Official Statement (the "Ordinance").

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated September 1, 2007 (the "Dated Date"). Interest will accrue from the Dated Date and will be due on February 15, 2008, and each August 15 and February 15 and thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on February 15 in each year as follows:

MATURITY SCHEDULE

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2008	\$ 1,150,000	2018	\$ 140,000
2009	90,000	2019	150,000
2010	95,000	2020	155,000
2011	100,000	2021	165,000
2012	105,000	2022	175,000
2013	110,000	2023	185,000
2014	115,000	2024	195,000
2015	120,000	2025	205,000
2016	130,000	2026	215,000
2017	135,000	2027	225,000

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term certificates.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Certificates into "Term Certificates," such "Term Certificates" shall be subject to mandatory redemption on the first February 15 next following the last maturity for Serial Certificates, and annually thereafter on each February 15 until the stated maturity for the Term Certificates at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Certificates occurred. At least thirty (30) days prior to each mandatory date, the Paying Agent/Registrar shall select by lot the Term Certificates to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificates of the same maturity which at least fifty (50) days prior to a mandatory redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “THE OBLIGATIONS - BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Trust Company, N.A., Dallas, Texas. See “THE OBLIGATIONS - PAYING AGENT/REGISTRAR” in the Official Statement.

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a subordinate lien on and pledge of \$1,000 of the surplus revenues derived from the City’s combined utility system.

Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than their par value plus accrued interest from date of the Certificates to the date of delivery of the Certificates. A premium bid in excess of 0.5% of the par amount of the Certificates will not be accepted. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2% in rate. Using the interest rate established for the February 15, 2017 maturity as the base year, interest rates for successive maturities shall be structured in ascending order such that for each succeeding maturity, rates shall be equal to or greater than the interest rate for the maturity of the preceding year. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state in the bid the true interest cost which shall be considered informative only and not as a part of the bid.

BASIS FOR AWARD . . . The sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the “City of College Station, Texas,” in the amount of \$79,200.00 is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Certificates has been made.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF CERTIFICATES . . . Initial delivery will be accomplished by the issuance of one certificate for each maturity (also called the "Initial Certificates"), either in typed or printed form, in the aggregate principal amount of \$3,960,000, payable to the Initial Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Certificates, they shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about September 11, 2007 and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 A.M., CDST, on September 11, 2007, or thereafter on the date the Certificates are tendered for delivery, up to and including October 9, 2007. If for any reason the City is unable to make delivery on or before October 9, 2007, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Initial Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, Dallas, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Certificates) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale, such certificate may be modified in a manner approved by the City. **In no event will the City fail to deliver the Certificates as a result of the Initial Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Certificates, if its bid is accepted by the City. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Initial Purchaser of opinions of Bond Counsel, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement, including the alternative minimum tax on corporations. With respect to the transactions described in the Official Statement, Bond Counsel represents only the City.

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. First Southwest Company has agreed, in its Financial Advisory contract, not to bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . Concurrently with the sale of the Certificates, the City is offering for sale its \$3,930,000 General Obligation Improvement Bonds, Series 2007, which are secured by a pledge of ad valorem taxes. Thereafter, the City does not anticipate the issuance of additional obligations payable from ad valorem taxes within the next 12 months. Concurrently with the issuance of the sale of the Bonds, the City is offering for sale its \$18,665,000 Utility System Revenue Bonds, Series 2007 which are secured by a first lien on and pledge of the Net Revenues of the City's Utility System. The City has not covenanted nor obligated itself to pay the Utility System Revenue Bonds from monies to be raised from taxation.

RATINGS . . . The presently outstanding tax supported debt of the City is rated "Aa3" by Moody's Investors Service ("Moody's") and "AA-" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P"). The City also has other issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for contract ratings on this issue has been made to Moody's and S&P.

MUNICIPAL BOND INSURANCE . . . In the event the Certificates are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost therefor **will be paid by the Initial Purchaser**. Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Certificates.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Initial Purchaser, or Initial Purchasers, acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven (7) business days from the sale date an aggregate of 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of a reprinted Official Statement, if the Initial Purchaser(s) shall so elect, and the cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Official Statement under "Continuing Disclosure of Information." The Initial Purchaser(s)' obligation to accept and pay for the Certificates is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

The City did not receive an invoice for debt service requirements due to the bondholders on August 15, 2003 for the Certificates of Obligation, Series 2002, and thus did not make its payment timely. Upon notification of the error, the City wired the required funds to the paying agent on August 22, 2003. A notice of material event was filed. The City has taken remedial steps to ensure that the reasons for the delay would not occur in the future.

ADDITIONAL COPIES OF NOTICE OF SALE, BID FORM AND OFFICIAL STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, Financial Advisor to the City.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Certificates. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

Mayor
City of College Station, Texas

ATTEST:

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of College Station, Texas

August 6, 2007

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated July 12, 2007 of \$3,960,000 CITY OF COLLEGE STATION, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007 (the "Certificates"), both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay you par and accrued interest from date of issue to date of delivery to us, plus a cash premium of \$_____ for Certificates maturing and bearing interest as follows:

Maturity Feb 15	Principal	Interest Rate	Maturity Feb 15	Principal	Interest Rate
2008	\$ 1,150,000	_____ %	2018	\$ 140,000	_____ %
2009	90,000	_____	2019	150,000	_____
2010	95,000	_____	2020	155,000	_____
2011	100,000	_____	2021	165,000	_____
2012	105,000	_____	2022	175,000	_____
2013	110,000	_____	2023	185,000	_____
2014	115,000	_____	2024	195,000	_____
2015	120,000	_____	2025	205,000	_____
2016	130,000	_____	2026	215,000	_____
2017	135,000	_____	2027	225,000	_____

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

Term Certificate Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Certificate	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

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

TRUE INTEREST COST _____ %

We are having the Certificates of the following maturities _____ insured by _____ at a premium of \$_____, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City.**

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

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$79,200.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds at The Bank of New York Trust Company, N.A., Dallas, Texas, not later than 10:00 A.M., CDST, on September 11, 2007 or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the Initial Purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

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

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

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of College Station, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the ____ day of _____, 2007.

ATTEST:

Mayor
City of College Station, Texas

City Secretary

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies with respect to the sale of CITY OF COLLEGE STATION, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007 (the "Certificates"), issued in aggregate principal amount of \$3,960,000, as follows:

1. The undersigned is the underwriter or the manager of the syndicate of underwriters which has purchased the Certificates from the City of College Station, Texas (the "Issuer") at competitive sale.
2. The undersigned and/or one or more other members of the underwriting syndicate, if any, have made a bona fide offering to the public of the Certificates of each maturity at the respective prices set forth below.
3. The initial offering price (expressed as a percentage of principal amount or yield and exclusive of accrued interest) for the Certificates of each maturity at which a substantial amount of the Certificates of such maturity was sold to the public is as set forth below:

<u>Principal</u>	<u>Due Feb 15</u>	<u>Initial Offering Price</u>	<u>Principal</u>	<u>Due Feb 15</u>	<u>Initial Offering Price</u>
\$ 1,150,000	2008	_____	\$ 140,000	2018	_____
90,000	2009	_____	150,000	2019	_____
95,000	2010	_____	155,000	2020	_____
100,000	2011	_____	165,000	2021	_____
105,000	2012	_____	175,000	2022	_____
110,000	2013	_____	185,000	2023	_____
115,000	2014	_____	195,000	2024	_____
120,000	2015	_____	205,000	2025	_____
130,000	2016	_____	215,000	2026	_____
135,000	2017	_____	225,000	2027	_____

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
5. The offering prices described above reflect current market prices at the time of such sales.
6. The undersigned and/or one or more other members of the underwriting syndicate, as the case may be, (have)(have not) purchased bond insurance for the Certificates. The bond insurance, if any, has been purchased from _____ (the "Insurer") for a premium cost of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such cost is set forth in the Insurer's commitment and is separately stated from all other fees or charges payable to the Insurer. The premium does not exceed a reasonable charge for the transfer of credit risk taking into account payments charged by guarantors in comparable transactions (including transactions in which a guarantor has no involvement other than as a guarantor). The present value of the debt service savings expected to be realized as a result of such insurance, discounted at a rate equal to the yield on the Certificates which results after recovery of the insurance premium, exceeds the present value of the bond insurance premium.
7. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the excludability of interest on the Certificates from the gross income of their owners.

EXECUTED and DELIVERED this _____ day of _____, 2007.

(Name of Underwriter or Manager)

By _____

(Title)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT

DATED JULY 12, 2007

Ratings:
Moody's: "Applied for"
S&P: "Applied for"
(See "OTHER INFORMATION - RATINGS" herein)

NEW ISSUE - Book-Entry-Only

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

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

\$18,665,000
CITY OF COLLEGE STATION, TEXAS
(a Home Rule City located in Brazos County, Texas)
UTILITY SYSTEM REVENUE BONDS, SERIES 2007

Dated Date: September 1, 2007

Due: February 1, as shown on the inside cover

PAYMENT TERMS . . . Interest on the \$18,665,000 City of College Station, Texas Utility System Revenue Bonds, Series 2007 (the "Bonds") will accrue from September 1, 2007 (the "Dated Date") and will be payable on February 1, 2008, and on each August 1 and February 1 thereafter until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Trust Company, N.A., Dallas, Texas (see "THE BONDS - PAYING AGENT/REGISTRAR").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapter 1502, Texas Government Code, and an ordinance (the "Ordinance") passed by the City Council, and are special obligations of the City of College Station (the "City"), payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Net Revenues of the City's Utility System (the "System") **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - AUTHORITY FOR ISSUANCE").

PURPOSE . . . Proceeds from the sale of the Bonds will be used to (i) fund electric, water and wastewater system improvements, and (ii) pay the costs associated with the issuance of the Bonds (see "PLAN OF FINANCING – USE OF BOND PROCEEDS").

SEE MATURITY SCHEDULE, INTEREST RATES, AND YIELDS ON INSIDE COVER

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - OPTIONAL REDEMPTION").

LEGALITY . . . The Bonds are offered for delivery, when issued, and received by the Initial Purchasers and subject to the opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION"). It is expected that the Bonds will be available for delivery through the services of DTC on or about September 11, 2007.

BIDS WILL BE ACCEPTED UNTIL AND OPENED
MONDAY, AUGUST 6, 2007 AT 10:00 A.M. CDST

MATURITY SCHEDULE, INTEREST RATES AND YIELDS

Due Feb 1	Principal	Interest Rate	Yield	CUSIP ⁽¹⁾	Due Feb 1	Principal	Interest Rate	Yield	CUSIP ⁽¹⁾
2008	\$ 575,000	%	%		2018 ⁽²⁾	\$ 915,000	%	%	
2009	570,000				2019 ⁽²⁾	965,000			
2010	600,000				2020 ⁽²⁾	1,015,000			
2011	635,000				2021 ⁽²⁾	1,070,000			
2012	665,000				2022 ⁽²⁾	1,125,000			
2013	705,000				2023 ⁽²⁾	1,190,000			
2014	740,000				2024 ⁽²⁾	1,250,000			
2015	780,000				2025 ⁽²⁾	1,320,000			
2016	825,000				2026 ⁽²⁾	1,390,000			
2017 ⁽²⁾	865,000				2027 ⁽²⁾	1,465,000			

(Accrued Interest from September 1, 2007 to be added)

-
- (1) CUSIP Numbers have been assigned to the Bonds by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (2) The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), this document constitutes a preliminary official statement of the City with respect to the Bonds that has been “deemed final” by the City as of its date except for the omission of no more than the information permitted by the Rule.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. CUSIP numbers have been assigned to the Bonds by the CUSIP Service Bureau for the convenience of the owners of the Bonds. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

In connection with this offering, the Initial Purchasers may over-allot or effect transactions which stabilize the market price of the issue at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

This Official Statement contains “forward-looking” statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. **Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements.**

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

OFFICIAL STATEMENT SUMMARY

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

- THE CITY**..... The City of College Station is a political subdivision and municipal corporation of the State, located in Brazos County, Texas. The City encompasses approximately 47 square miles (see “INTRODUCTION - DESCRIPTION OF THE CITY”).
- THE BONDS**..... The Bonds are issued as \$18,665,000 Utility System Revenue Bonds, Series 2007. The Bonds are issued as serial bonds maturing February 1, 2008 through February 1, 2027 (see “THE BONDS - DESCRIPTION OF THE BONDS”).
- PAYMENT OF INTEREST** Interest on the Bonds accrues from September 1, 2007, and is payable on February 1, 2008, and each August 1 and February 1 thereafter until maturity or prior redemption (see “THE BONDS - DESCRIPTION OF THE BONDS” and “THE BONDS - OPTIONAL REDEMPTION”).
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the general laws of the State, particularly Chapter 1502, Texas Government Code, and an Ordinance passed by the City Council of the City (see “THE BONDS - AUTHORITY FOR ISSUANCE”).
- SECURITY FOR THE BONDS** The Bonds constitute special obligations of the City, payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Net Revenues of the City's Utility System. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see “THE BONDS - SECURITY AND SOURCE OF PAYMENT”).
- DEBT SERVICE RESERVE FUND** ... So long as the Bonds and the outstanding Parity Bonds are insured by a bond insurance company that is rated “Aaa” by Moody's Investors Service, Inc. (“Moody's”) or “AAA” by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. (“S&P”), the City is not required to establish a debt service reserve fund or purchase a surety bond as additional security for the Bonds (see “SELECTED PROVISIONS OF THE BOND ORDINANCE – ADDITIONAL BONDS”).
- REDEMPTION** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS - OPTIONAL REDEMPTION”).
- TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” herein, including the alternative minimum tax on corporations. **The Bonds will not be designated as qualified tax-exempt obligations.** See “TAX MATTERS” for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Bonds will be used to (i) fund electric, water and wastewater system improvements and (ii) pay the costs associated with the issuance of the Bonds (see “PLAN OF FINANCING – USE OF BOND PROCEEDS”).
- RATINGS** All of the presently outstanding parity bonds of the System are rated “Aaa” by Moody's and “AAA” by S&P through insurance by various commercial insurance companies (see “OTHER INFORMATION - RATINGS”). The underlying ratings for the outstanding parity bonds are “A1” by Moody's and “A+” S&P. The City will require that the Initial Purchasers of the Bonds purchase bond insurance for the Bonds in accordance with the NOTICE OF SALE AND BIDDING INSTRUCTIONS. The City has applied to Moody's and S&P for ratings on the Bonds.
- BOOK-ENTRY-ONLY SYSTEM**..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - BOOK-ENTRY-ONLY SYSTEM”).
- PAYMENT RECORD** The City has never defaulted in payment of its bonds.

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Position	Length of Service	Term Expires	Occupation
Ben White	Mayor	(1)	5/10	Retired
James Massey	Councilmember	(2)	5/10	Director of Facility Coordination
Ron Gay	Councilmember	2 Years	5/08	Regional Marketing Director
Chris Scotti	Councilmember	2 Years	5/08	Consultant
Lynn McIlhane	Councilmember	1 Year (3)	5/09	Homemaker
David Ruesink	Councilmember	1 Year	5/09	Retired
John Crompton	Councilmember	(4)	5/08	Professor

- (1) Elected Mayor in May 2007.
 (2) Elected May 2007; former City of College Station Councilmember 1999 – 2005.
 (3) Elected May 2006; former City of College Station Mayor 1996 – 2002; former City of College Station Councilmember 1982 – 1986 and 1987 – 1996.
 (4) Elected June 2007.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to City
Glenn Brown	City Manager	7 Years (1)
Terry Childers	Deputy City Manager	9 Months
Kathy Merrill	Assistant City Manager	8 Months
Harvey Cargill, Jr.	City Attorney	10 Years
David Coleman	Interim Director of Water Services	2 Years
David Massey	Director of Electric Utility	7 Years
Jeff Kersten	Chief Financial Officer	16 Years (2)
Connie L. Hooks	City Secretary	21 Years
Mark Smith	Director of Public Works	27 Years
Benjamin Roper	Director of Information Technology	2 Years
Stephen Beachy	Director of Parks and Recreation	29 Years

- (1) City Manager since March 2006.
 (2) Chief Financial Officer since August 2004.

CONSULTANTS AND ADVISORS

Auditors Ingram, Wallis & Company
 Bryan, Texas

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

Financial Advisor First Southwest Company
 Houston, Texas

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$18,665,000

CITY OF COLLEGE STATION, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2007

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$18,665,000 City of College Station, Texas Utility System Revenue Bonds, Series 2007 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted by the City Council on the date of sale of the Bonds which will authorize the issuance of the Bonds (the "Ordinance"), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE BOND ORDINANCE").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, Houston, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in October 1938, and first adopted its Home Rule Charter in October 1938, which was last amended in May 2006. The City operates under a Council/City Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 1990 Census population for the City was 52,456 and the 2000 Census population was 67,890. The City covers approximately 47 square miles.

PLAN OF FINANCING

PURPOSE . . . The Bonds are being issued to (i) fund electric, water and wastewater system improvements, and (ii) pay the costs associated with the issuance of the Bonds.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated September 1, 2007, and mature on February 1 in each of the years and in the amounts shown on the inside cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 1, 2008, and on each August 1 and February 1 thereafter until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the general laws of the State of Texas, Chapter 1502, Texas Government Code, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City payable, both as to principal and interest, solely from and, together with certain outstanding revenue bonds of the City (the "Previously Issued Bonds") and any additional parity bonds which may be issued in the future, secured by a first lien on and pledge of the Net Revenues of the System after the payment of maintenance and operating expenses. Maintenance and operating expenses include contractual payments which under Texas laws and their provisions are established as operating expenses. The City has outstanding Previously Issued Bonds secured by and payable from Net Revenues on parity with the Bonds. The following table lists the original principal amount of the Outstanding Bonds and the currently outstanding principal amount of the Outstanding Bonds.

Series	Original Principal Amount	Principal Currently Outstanding
1996 ^(a)	\$ 10,110,000	\$ 360,000
1998	2,700,000	440,000
2000	10,500,000	2,920,000
2001	23,500,000	18,955,000
2002	18,215,000	15,275,000
2003 ^(a)	11,160,000	7,290,000
2003A	4,850,000	4,280,000
2005	8,035,000	7,650,000
2005A ^(a)	12,995,000	12,900,000
2006	16,950,000	16,480,000
	<u>\$ 119,015,000</u>	<u>\$ 86,550,000</u>

(a) Includes refunding bonds.

The Bonds are not a charge upon any other income or revenues of the City and **will never constitute an indebtedness or pledge of the general credit or taxing powers of the City**. The Ordinance does not create a lien or mortgage on the System, except the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

As additional security, unless the Bonds are insured by a "AAA" or equivalent rated bond insurer, a Reserve Fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the outstanding Previously Issued Bonds, the Bonds and any obligations issued on a parity with the Bonds ("Additional Bonds"). Any additional amount required to be accumulated in the fund by reason of the issuance of the Bonds will be funded over a 60 month period in accordance with the provisions of the Ordinance (see "SELECTED PROVISIONS OF THE BOND ORDINANCE"). It is anticipated that municipal bond insurance will be obtained and that a Reserve Fund will not be funded as a result thereof.

PLEGGED REVENUES . . . All of the Net Revenues of the System with the exception of those in excess of the amounts required to establish and maintain the Reserve Fund and Interest and Sinking Fund are irrevocably pledged for the payment of the Bonds and interest thereon. The Bonds, the Previously Issued Bonds, and any Additional Bonds are equally and ratably secured by a first lien upon the Net Revenues of the System.

PERFECTION OF SECURITY FOR THE BONDS . . . Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues, and such pledge is therefore, valid, effective and perfected. Should Texas law be amended while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the Net Revenues is to be subject to the filing requirements of Chapter 9, Texas Business and Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in such pledge, the City agrees to take such measures as it determines is reasonable and necessary to enable a filing of a security interest in said pledge to occur.

RATES . . . The City has covenanted in the Ordinance that it will at all times charge and collect rates for services rendered by the System sufficient to pay all operating, maintenance, replacement and improvement expenses and any other costs deductible in determining Net Revenues. Additionally, the City has covenanted to generate in each year, Net Revenues equal to 1.25 times the maximum annual requirement for the payment of the principal and interest on the Parity Bonds at the time outstanding and payable from the revenues of the System, and maintain the funds provided for in the Ordinance. The City has further covenanted that, if the System should become legally liable for any other indebtedness, it will fix and maintain rates and collect charges for the services of the System sufficient to discharge such indebtedness (See "SELECTED PROVISIONS OF THE BOND ORDINANCE – RATE COVENANT").

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC (herein after defined), while the Bonds are in Book-Entry-Only form) will determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) has been called for redemption and notice of such redemption given, such Bond (or the principal amount thereof to be redeemed) will become due and payable on such redemption date and interest thereon will cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City must cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED WILL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION WILL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF WILL CEASE TO ACCRUE.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Ordinance provides that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. The City has reserved the option, however, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangement, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of the right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes

ADDITIONAL BONDS . . . The City may issue Additional Bonds which, together with the Previously Issued Bonds and the Bonds, will be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF BOND ORDINANCE – ADDITIONAL PARITY BONDS" for terms and conditions to be satisfied for the issuance of Additional Bonds.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities

certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, all of which are also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

A Beneficial Owner shall give notice to elect to have its Bond purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar’s DTC account.

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

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

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

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

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

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar are required to transfer or exchange any Bond called for redemption, in whole or in part, within 30 days of the date fixed for redemption; provided, however, such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Bond.

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

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which will be 15 days after the Special Record Date) will be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a 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.

REMEDIES OF HOLDERS OF OBLIGATIONS. . . If the City defaults in the payment of principal, interest, or redemption price on either series of Obligations when due, or the City defaults in the observation or performance of any other covenants, conditions, or obligations set forth in either of the Ordinances, the registered owners may seek a writ of mandamus to compel the City or City officials to carry out the legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the respective Ordinance authorizing the issuance of such Obligations, and the city's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligation in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of either series of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition accordingly all legal actions to

enforce such remedies would have to undertaken of the initiative of, and be financed by, the beneficial owners of the Obligations. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3^d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s sovereign immunity from a suit for money damages, beneficial owners of either series of the Obligations may not be able to bring such a suit against City for breach of the Obligations of covenants contained in either Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or beneficial owners of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be hear in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

Uses of Funds:	
Deposit to Project Fund	\$
Deposit to Interest and Sinking Fund	
Costs of Issuance.....	
Total Uses of Funds	\$

THE SYSTEM

WATERWORKS SYSTEM

Since December 1981, the City has had the capability to produce and deliver 100% of its water with a system of eight wells, with a combined capacity of 24 million gallons per day. The water is delivered to the distribution system by 14 miles of 30-inch diameter pipeline and two pumping stations.

Six of the wells mentioned above are deep wells, approximately 3,000 feet, in the Simsboro Sand of the Wilcox Formation. This is a very prolific aquifer of high quality water that has the capacity to provide an adequate water supply for the City and surrounding communities through the year 2050.

However, the Simsboro Sand formation is now regulated by the Brazos Valley Groundwater Conservation District, and new permitting requirements have made it very difficult to drill new deep wells. The City has recently completed two new shallow wells (less than 1,500 feet deep, one in the Carrizo aquifer and one in the Sparta aquifer) to meet the short term increase in water demand. A new deep well is currently under design, with easement acquisition underway, and should be constructed in the near future.

The following water rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2006.

Type of Customer	Usage Charge	Service Charge	Meter Size
Residential, Commercial and Industrial	\$2.22 per 1,000 gallons plus	\$ 9.08 per mo.	5/8"
		9.08 per mo.	3/4"
		11.39 per mo.	1"
		16.96 per mo.	1 1/2"
		26.78 per mo.	2"
		84.53 per mo.	3"
		125.58 per mo.	4"
		152.88 per mo.	6"

WASTEWATER SYSTEM

The City's waste water is treated by two City-owned wastewater treatment plants, the Carter Creek Treatment Plant and Lick Creek Treatment Plant, located within the City. The two plants have a combined treatment capacity of 11.5 mgd as compared to average current daily demand of 6.5 mgd. The treatment plant's capacity is adequate to serve a population estimated at 122,000.

The following sewer rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2006.

Residential (metered water).....	\$16.54 including 4,000 gallons of metered water
Usage Charge	\$3.31 per 1,000 gallons of additional metered water
	\$36.40 maximum per month
Residential (without meter to each unit).....	\$21.04 per unit per month
Commercial and Industrial.....	\$14.18 per month
Usage Charge	\$3.94 per 1,000 gallons of metered water usage

ELECTRIC SUPPLY SOURCE

The City began purchasing power from American Electric Power (AEP) on February 1, 2003. The City's contract fixes the cost of fuel for the length of the contract and eliminates any additional energy charges for the period. The only variable component is a cost for "congestion charges" through the transmission grid. The City continues to pay transmission charges to a number of outside utility systems at current Public Utility Commission of Texas allowed rates.

The City is served through four 138 kV transmission lines, four substations, and 400 miles of distribution lines. The City is currently constructing fifth substation to provide service to the City.

The electric rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2006. The following electric rates are subject to a transmission delivery adjustment (TDA) charge which requires that the net energy charge per kilowatt hour must be increased or decreased by an amount per kilowatt hour equal to additional transmission charges above those accounted for in the wholesale rate. The TDA had been set at zero prior to March 1, 2006. It is currently set \$0.005 per kilowatt hour of energy consumed.

Single Family Residential.....	Service Charge	\$7.00 per month
	plus:	
	First 500 kWhrs.....	\$0.0886 per kWhr
	Additional kWhr (May through October).....	\$0.0805 per kWhr
	Additional kWhr (November through April)	\$0.0731 per kWhr
	Tax.....	1.50%
	Transmission Delivery Adjustment (TDA)	Calculated as needed
Master Metered Multiple Dwelling Units	Service Charge	\$100.00 per month per master meter
	plus:	
	First 500 kWhrs.....	\$0.0886 per kWhr
	Additional kWhr (May through October).....	\$0.0805 per kWhr
	Additional kWhr (November through April)	\$0.0731 per kWhr
	Tax.....	1.50%
	TDA.....	Calculated as needed
Small Commercial (1-10 KW demand).....	Service Charge	\$9.00 per month
	plus:	
	First 1,000 kWhrs.....	\$0.0980 per kWhr
	Over 1,000 kWhrs.....	\$0.0749 per kWhr
	Tax.....	8.25%
	TDA.....	Calculated as needed
Medium Commercial (15-300 KW)	Service Charge	\$25.00 per month
	plus:	
	Demand Charge (Per KW).....	\$9.46 per KW
	Energy Charge All kWhrs	\$0.0508 per KW
	Minimum Monthly Charge	\$166.90
	Tax.....	8.25%
	TDA.....	Calculated as needed

Large Commercial (300 – 1,500 KW).....	Service Charge	\$75.00 per month
	plus:	
	Demand Charge (Per KW).....	\$9.46 per KW
	Energy Charge All kWhrs	\$0.0449 per KW
	Minimum Monthly Charge	\$2,913.00
	Tax.....	8.25%
	TDA.....	Calculated as needed
Industrial (1,500 KW and over).....	Service Charge	\$250.00 per month
	plus:	
	Demand Charge (Per KW)	\$8.95
	Energy Charge (first 500,000 kWhrs).....	\$0.0479 per KW
	Minimum Monthly	\$13,675.00
	Tax.....	8.25%
	TDA.....	Calculated as needed

TABLE 1 - HISTORICAL UTILITY CUSTOMER COUNT

	Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Water	37,590	32,266	31,038	29,358	23,210
Wastewater	33,491	29,694	28,594	27,977	28,399
Electric	31,051	31,185	30,641	29,700	28,678

TABLE 2 - TEN LARGEST ELECTRIC UTILITY CUSTOMERS

Utility Customer	Type of Business	FY 2006 KWH Consumption	Total Percent of KWH Consumed
City of College Station	Municipality	20,635,885	2.78%
CSISD	Schools	18,152,733	2.44%
CBL & Associates	Retail Mall	13,641,340	1.84%
Texas A&M	University	9,838,765	1.32%
College Station Medical Ctr	Hospital	7,848,467	1.06%
Wal-Mart	Retail	7,091,200	0.95%
Kroger	Retail Grocery	6,792,960	0.91%
Albertsons	Retail Grocery	6,362,048	0.86%
Hilton	Hotel	5,258,400	0.71%
Scott & White	Clinic	5,251,942	0.71%
		<u>100,873,740</u>	<u>13.58%</u>

DEBT INFORMATION

TABLE 3 - PRO-FORMA UTILITY SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Year End 9/30	Outstanding Debt	The Bonds ⁽¹⁾			Total Debt Service Requirements
		Principal	Interest	Total	
2007	\$ 9,163,574				\$ 9,163,574
2008	9,040,131	\$ 575,000	\$ 964,819	\$ 1,539,819	10,579,949
2009	8,967,901	570,000	934,763	1,504,763	10,472,664
2010	8,892,407	600,000	904,050	1,504,050	10,396,457
2011	8,794,707	635,000	871,631	1,506,631	10,301,338
2012	8,717,242	665,000	837,506	1,502,506	10,219,748
2013	8,648,319	705,000	801,544	1,506,544	10,154,863
2014	8,348,708	740,000	763,613	1,503,613	9,852,320
2015	7,588,427	780,000	723,713	1,503,713	9,092,139
2016	7,591,917	825,000	681,581	1,506,581	9,098,498
2017	7,320,476	865,000	637,219	1,502,219	8,822,694
2018	6,520,875	915,000	590,494	1,505,494	8,026,369
2019	5,697,731	965,000	541,144	1,506,144	7,203,875
2020	5,722,159	1,015,000	489,169	1,504,169	7,226,328
2021	5,757,763	1,070,000	434,438	1,504,438	7,262,200
2022	3,839,066	1,125,000	376,819	1,501,819	5,340,884
2023	2,391,250	1,190,000	316,050	1,506,050	3,897,300
2024	2,031,938	1,250,000	252,000	1,502,000	3,533,938
2025	2,044,744	1,320,000	184,538	1,504,538	3,549,281
2026	1,392,300	1,390,000	113,400	1,503,400	2,895,700
2027		1,465,000	38,456	1,503,456	1,503,456
	<u>\$128,471,632</u>	<u>\$18,665,000</u>	<u>\$11,456,944</u>	<u>\$30,121,944</u>	<u>\$158,593,576</u>

(1) The interest on the bonds is estimated at the rate of 5.25% per annum for purposes of illustration.

ANTICIPATED ISSUANCE OF REVENUE BONDS . . . The City does not anticipate the issuance of additional revenue bonds within the next 12 months.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System (“TMRS”), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see “APPENDIX B - EXCERPTS FROM THE CITY OF COLLEGE STATION, TEXAS ANNUAL FINANCIAL REPORT” - Note D.)

FINANCIAL INFORMATION

TABLE 4 - CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Revenues:					
Electric	\$ 58,526,414	\$ 50,446,608	\$ 46,389,147	\$ 45,480,173	\$ 44,238,340
Water and Wastewater	20,217,030	18,490,794	16,536,666	16,552,584	16,024,595
Interest	1,765,422	917,192	627,060	1,076,079	1,858,545
Other	2,278,378	1,746,795	1,908,053	2,070,963	1,974,507
Total Revenues	<u>\$ 82,787,244</u>	<u>\$ 71,601,389</u>	<u>\$ 65,460,926</u>	<u>\$ 65,179,799</u>	<u>\$ 64,095,987</u>
Expenses:					
Total Expenses	<u>\$ 54,432,847</u>	<u>\$ 51,125,745</u>	<u>\$ 44,719,241</u>	<u>\$ 47,785,550</u>	<u>\$ 46,274,555</u>
Net Available for Debt Service	<u>\$ 28,354,397</u>	<u>\$ 20,475,644</u>	<u>\$ 20,741,685</u>	<u>\$ 17,394,249</u>	<u>\$ 17,821,432</u>
Water Customer Count	37,590	32,266	31,038	29,358	23,210
Wastewater Customer Count	33,491	29,694	28,594	27,977	28,399
Electric Customer Count	31,051	31,185	30,641	29,700	28,678

TABLE 5 - COVERAGE ⁽¹⁾

Maximum Principal and Interest Requirements (2008).....	\$ 10,579,949	
Coverage of Maximum Requirements by 9/30/2006 Net Revenue Available for Debt Service.....		2.68 Times
Average Annual Principal and Interest Requirements (2008-2027).....	\$ 7,552,075	
Coverage of Average Requirements by 9/30/2006 Net Revenue Available for Debt Service.....		3.75 Times

(1) Includes the Bonds.

TABLE 6 - VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Utility Systems	\$ 252,979,653	\$ 242,372,615	\$ 222,394,131	\$ 201,578,213	\$ 177,194,095
Construction in Progress	49,497,338	26,042,369	29,106,881	31,120,744	27,917,993
	<u>\$ 302,476,991</u>	<u>\$ 268,414,984</u>	<u>\$ 251,501,012</u>	<u>\$ 232,698,957</u>	<u>\$ 205,112,088</u>
Less: Accumulated Depreciation	90,932,582	83,001,170	75,518,040	69,677,733	50,697,928
Net System Value	<u>\$ 211,544,409</u>	<u>\$ 185,413,814</u>	<u>\$ 175,982,972</u>	<u>\$ 163,021,224</u>	<u>\$ 154,414,160</u>

TABLE 7 - CITY'S EQUITY IN SYSTEM

<u>Resources</u>	Fiscal Year Ended September 30,				
	2006	2005	2004	2003	2002
Net System Value	\$ 211,544,409	\$ 185,413,814	\$ 175,982,972	\$ 163,021,224	\$ 154,414,160
Current Assets	42,580,177	38,619,551	32,841,782	29,261,583	35,404,701
Restricted Assets	14,072,285	17,180,595	19,599,585	23,440,862	21,929,685
Other Resources	200,000	200,000	200,000	200,000	200,000
Deferred Charges	759,282	721,754	776,780	809,961	762,602
Total	\$ 269,156,153	\$ 242,135,714	\$ 229,401,119	\$ 216,733,630	\$ 212,711,148
<u>Obligations</u>					
Current Liabilities	\$ 14,232,124	\$ 11,612,107	\$ 7,551,259	\$ 8,676,967	\$ 6,263,972
Current Liabilities Payable from					
Restricted Assets	6,840,622	6,568,439	6,272,235	5,945,573	11,671,253
Revenue Bond Debt	86,550,000	74,510,000	71,245,000	75,655,000	74,420,000
Other Debt	128,123	102,191	(128,424)	(204,969)	120,874
Total Liabilities	\$ 107,750,869	\$ 92,792,737	\$ 84,940,070	\$ 90,072,571	\$ 92,476,099
City's Equity in System	\$ 161,405,284	\$ 149,342,977	\$ 144,461,049	\$ 126,661,059	\$ 120,235,049
Percentage of Equity in System	59.97%	61.68%	62.97%	58.44%	56.53%

CAPITAL IMPROVEMENT PROGRAM

The electric utility projects planned for the next few years include continued underground conversion of electric service along major thoroughfares, line extensions, new customer connections, new substation facilities and other system improvements. The City's Electric Utility uses revenues and current unobligated resources to pay for certain capital projects. The City anticipates this practice will help to reduce future debt requirements and provide a more stable basis for future rate payers.

Current resources and revenues of the water system are used for certain types of capital projects similar to the electric system. Capital projects for the water system include additional wells, additional transmission facilities, line extensions and line replacements. Wastewater projects include outfall lines, service connections and line replacements.

In furthering the City Council's focus on utilization of current assets to meet capital requirements, the City created a Drainage Utility in 1997. The revenues from the Drainage Utility are used in construction of drainage capital projects and support increased operating costs anticipated with the implementation of Federal clean water laws and regulations. The revenues from the Drainage Utility are not pledged to the Bonds.

FINANCIAL POLICIES

GASB 34 . . .The City is a Phase II City which required GASB 34 implementation for the fiscal year ending September 30, 2003.

GASB 45 . . .The Governmental Accounting Standards Board ("GASB") Statement No. 45 establishes standards for the measurement, recognition, and display of the OPEB expense and related liabilities, note disclosures, and required supplementary information in the financial reports of the state and local governments. The City is considered a phase II government under Statement No. 45 and is not required to implement the standard until fiscal year 2009. In order to take a proactive approach to understanding and addressing the City's OPEB liability, on May 24, 2006, the City issued a request for proposals for an actuarial analysis of future liabilities for Other Post Employment Benefits under GASB 45. The actuarial firm of Rudd and Wisdom, Inc. was chosen to perform the study, and on December 14, 2006 they delivered a pro forma study to the City. This study: 1) outlines actuarial cost methods and past-service liability actuarial amortization methods available to the City, 2) reviews the actuarial assumptions and data used in the study, 3) discusses the effect of prefunding the annual required contribution, 4) discusses the current plan structure, 5) discusses design options, and 6) outlines the steps the City needs to take prior to implementing GASB 45.

City staff has performed an initial review of the pro forma study and a preliminary discussion with actuary has taken place. At this point the staff plans are to: 1) evaluate, with the assistance of the actuary and our benefits consultant, the impact of changes to the current plan structure, 2) evaluate, with the assistance of the City's financial advisor, possible funding options, and 3) prepare and present a comprehensive overview with recommendations and a funding strategy to the City Council.

The study included pro forma valuation results as of October 1, 2005. The present value of future benefits totaled \$22,834,808. The annual OPEB cost for FYE 9/30/2006 was calculated under the following 3 costs methods: 1)Aggregate Method = \$3,045,050, 2) PUC-ARFS Method = \$2,338,410, and 3) FEAN-30 year Method = \$1,953,445.

Information on the City's current Post Retirement/Employment Benefits can be found in the Notes to the Financial Statements (Note V. D.) of the City's 2006 Comprehensive Annual Financial Report.

Basis of Accounting . . . The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Government funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund . . . The General Fund is the City's primary operating fund. It is used to account for all activities typically considered governmental functions of the City. These include Public Safety, Public Works, Parks and Recreation, Economic and Development Services, the support functions for these areas, and the administrative functions for the City.

The General Fund for the 2006-2007 fiscal year is influenced by current policies and any approved policy changes. The policies include inter-fund equity; maintaining a balance between revenues and expenditures; and maintaining the level of service currently provided as the City experiences residential and commercial growth.

The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus is to be expended in future years for one time expenditures such as capital items and short term projects.

Debt Service Fund . . . The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. It is the City's policy to maintain at least 8 1/3% of annual appropriated expenditures for debt service and any associated fees as the Debt Service Fund balance at fiscal year end. The City is in compliance with that policy.

Budgetary Procedures . . . Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. All budget requests are compiled by the office of Management and Budget and presented with comparative and supporting data to the Mayor and City Council for review. Public hearings are properly advertised and conducted at City Hall for taxpayer comments. Prior to September 27, the budget is legally enacted through passage of an ordinance. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditure of any fund. An amount is also budgeted each year for contingencies which may arise.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit meeting the requirements of Chapter 2256, Texas Government Code (the "PFIA") that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (5) and clause (12), which are intended to include all direct federal agency or instrumentality issues that have a market value of not less than the principal amount of the certificates, or in any other manner and amount provided by law for City deposits, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (8) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (10) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (11) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (12) bonds, notes or other obligations, issued by the State of Israel, and (13) public funds investment pools that have an

advisory board which includes participants in the pool and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent or no lower than investment grade with a weighted average maturity of no greater than 90 days. In addition, the City may invest bond proceeds in accordance with the terms of a guaranteed investment contract, consistent with the provisions of the PFIA.

A political subdivision such as the City may enter into securities lending programs if: (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (5) and clause (12) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (5) above, clauses (9) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

Under Texas law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution. The City has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

CITY'S INVESTMENT POLICY. . .The Chief Financial Officer shall promptly invest all City funds with the Bank Depository in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the Council has authorized under the provisions of the PFIA, as amended, and in accordance with the City Council approved Investment Policies.

At the end of each fiscal year, a report on investment performance will be provided to the City Council. In conjunction with the quarterly financial report, the Chief Financial Officer shall prepare and provide a written recapitulation of the City's investment portfolio to the Council, detailing each City investment instrument with its rate of return and maturity date.

TABLE 8 - CURRENT INVESTMENTS

As of March 31, 2007, the City's investable funds were invested in the following categories:

Investment Type	Book Value	Market Value
Demand Bank Accounts	\$ 4,725,149	\$ 4,725,149
Pooled Cash (Texpool)	58,182,666	58,182,666
Money Market Mutual Fund (Fidelity)	1,899,957	1,899,957
Federal Agency Securities	52,888,100	52,684,028
Federal Treasury Securities	8,783,673	8,876,251
	<u>\$ 126,479,545</u>	<u>\$ 126,368,051</u>

SELECTED PROVISIONS OF THE BOND ORDINANCE

The Ordinance authorizing the Bonds is in substantially the same form as the ordinances authorizing the outstanding bonds, selected provisions of which are shown below:

The Ordinance authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the City. Set forth below is a summary of certain provisions of the Ordinance. Paragraph headings are supplied for ease of reference and are not contained in the Ordinance. Such summary is not a complete description of the entire Ordinance and is qualified by reference to the Ordinance.

DEFINITIONS

The following terms have the respective meanings specified:

- (a) "Additional Bonds" means the additional parity bonds which the City reserves the right to issue.
- (b) "Bond Fund" means the fund provided for in the Ordinances authorizing issuance of the Previously Issued Parity Bonds.
- (c) "Bonds" means the Bonds to be issued by the Ordinance.
- (d) "City" refers to the City of College Station, Texas, or where appropriate to the City Council thereof.
- (e) "City Council" means the City Council of the City.
- (f) "Net Revenues" means the gross revenues of the Systems less the reasonable expenses of operation and maintenance, including all salaries, labor, materials, repairs, and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council reasonably and fairly exercised, are necessary to keep the plant or utility in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the Parity Bonds shall be deducted in determining "Net Revenues."
- (g) "Parity Bonds" means collectively the Previously Issued Parity Bonds, the Bonds, and any Additional Bonds.
- (h) "Paying Agent/Registrar" means, initially, The Bank of New York Trust Company, N.A., Dallas, Texas, or any successor appointed in its capacity as such.
- (i) "Systems" as used in the Ordinance means the City's combined waterworks system, wastewater system and electric light and power system, including all present and future extensions, additions, replacements, and improvements thereto.
- (j) "Systems Fund" means the fund provided for in the Ordinance.

RATE COVENANT

The City covenants and agrees with the holders of the Parity Bonds, if and when issued, that it will:

1. Fix and maintain rates and collect charges for the facilities and services afforded by the Systems which will provide revenues sufficient at all times:
 - a) To pay all operation, maintenance, depreciation, replacement, and betterment charges of the Systems;
 - b) To establish and maintain the Bond Fund;
 - c) To generate in each year Net Revenues equal to 1.25 times the maximum annual requirement for the payment of the principal of and interest on the Parity Bonds at the time outstanding and payable from the revenues of the Systems (although amounts shall be paid into the Bond Fund only in accordance with the Ordinance); and
 - d) To pay all indebtedness other than bonds outstanding against the Systems as and when the same become due; and
2. Deposit as collected all revenues derived from the operation of the Systems into the Systems Fund which shall be kept separate and apart from all other funds of the City.

FLOW OF FUNDS

There has been created and established on the books of the City, and accounted for separate and apart from all other funds of the City, a special Systems Fund. All gross revenues received from operation of the Systems are deposited into and credited to the Systems Fund immediately upon receipt. The necessary and reasonable expenses of operation and maintenance of the Systems are paid first from the Systems Fund. The City then makes substantially equal monthly payments into the Bond Fund (commencing with respect to the Parity Bonds on the date of delivery to the initial purchaser thereof) during each year in which any of the Parity Bonds are outstanding in an aggregate amount equal to 100% of the amounts required to meet the interest and principal payments falling due on or before the next maturity date of the Parity Bonds. The City must, at least five days prior to February 1, 2008, and each August 1 and February 1 thereafter, deposit into the Bond Fund any additional Net Revenues available in the Systems Fund which may be necessary to pay in full the interest on and principal, if any, coming due on the Parity Bonds on such August 1 or February 1. In no event will an amount in excess of the amounts stated above be placed in the Bond Fund for the payment of the interest on or principal of the Parity Bonds, and any amount so placed may be withdrawn by the City and replaced in the Systems Fund. Any funds remaining in the Systems Fund, after provision for the reasonable cost of operating and maintaining the Systems, and after paying the amounts required to be paid into the Bond Fund, may be used for any lawful purpose.

ADDITIONAL PARITY BONDS

In addition to the inferior lien bonds authorized by law, the City expressly reserves the right hereafter to issue additional parity bonds and other evidences of indebtedness now or hereafter authorized by the Legislature of Texas (collectively, the "Additional Bonds"), and the Additional Bonds, when issued, may be secured by and payable from a first lien on and pledge of the Net Revenues of the System in the same manner and to the same extent as are the Outstanding Parity Bonds but subject to the provisions that follow, and the Previously Issued Parity Bonds, the Bonds, and the Additional Bonds may in all respects be of equal dignity. It is provided, however, that no Additional Bonds may be issued unless:

1. As long as the Previously Issued Parity Bonds are outstanding and unpaid, all material conditions set forth in the Parity Bonds Ordinances are satisfied;
2. As long as any of the Previously Issued Parity Bonds are outstanding, the "net earnings" of the System for the fiscal year next preceding the month in which the ordinance authorizing such Additional Bonds is adopted were equal to each of the provisions in items (a) and (b) below, determined independently and certified by an independent firm of certified public accountants, based upon an annual audit of the books of the System;
3. An independent firm of certified public accountants, based upon an annual audit of the books of the Systems, certifies that the net earnings of the System for the previous fiscal year or for any 12 consecutive month period ending not more than 90 days prior to the date of the adoption of the ordinance authorizing such Additional Bonds or other evidence of indebtedness were equal to each of the following determined independently:
 - (a) at least 1.40 times the average annual requirements for the payment of principal and interest on the then outstanding Parity Bonds and other evidences of indebtedness payable from the revenues of the Systems and on said Additional Bonds or other evidences of indebtedness, when issued, sold and delivered; and

- (b) at least 1.25 times the maximum annual requirement for the payment of principal and interest on the Parity Bonds then outstanding and on such Additional Bonds, when issued, sold and delivered;

provided, however, should the certificate of the accountant certify that the net earnings of the Systems for the fiscal year covered thereby were, in either case, less than required above, and a change in the rates and charges for services afforded by the Systems became effective at least sixty (60) days prior to the scheduled date of adoption of the ordinance authorizing such Additional Bonds, then such Additional Bonds may nevertheless be issued if an independent engineer or engineering firm having a favorable reputation with respect to such matters certifies that, had such change in rates and charges been effective for the fiscal year covered by the accountant's certificate, the net earnings for the Systems for the fiscal year covered by the accountant's certificate would have met the tests specified in (a) and (b) above.

The term "net earnings" means all of the Net Revenues of the Systems, exclusive of income received specifically for capital terms, after deduction of the reasonable expenses of operation and maintenance of the Systems excluding expenditures which under standard accounting practice should be charged to capital expenditures or depreciation.

4. Said Additional Bonds are made to mature on February 1 in each of the years in which they are scheduled to mature; and
5. The entire issue of such Additional Bonds is insured in a manner similar to the Previously Issued Parity Bonds by an insurance company or association of companies whose insured obligations are rated by either Moody's Investors Service, Inc. or Standard & Poor's Public Finance Ratings in the same or a higher rating category than the insured obligations of the City (at the time such Additional Bonds are to be issued) or the City shall establish a Reserve Fund for such Additional Bonds by any method or combination of methods that the City deems reasonable and appropriate provided that (i) the amount of such Reserve Fund (or coverage of any surety bond in lieu thereof) must at least equal the maximum annual debt service requirements of such Additional Bonds, not to exceed the maximum then permitted by applicable regulations, procedures, or published rulings of the Internal Revenue Service (the "Reserve Minimum"); (ii) if any cash reserve fund is funded by making transfers of Net Revenues in the Systems Fund, such transfers must be made each month in an amount reasonably sufficient to reach the reserve minimum within a period of not more than five years after such Additional Bonds are sold and delivered; and (iii) such Reserve Fund will be for the equal benefit of the owners of (x) such Additional Bonds, (y) Parity Bonds theretofore issued which are not insured in a manner similar to the Previously Issued Parity Bonds, and (z) any Additional Bonds thereafter issued which are not so insured.

MAINTENANCE AND OPERATION; INSURANCE

The City must maintain the Systems in good condition and operate the same in an efficient manner and at a reasonable cost. So long as any of the Bonds are outstanding, the City agrees to maintain insurance on the Systems, for the benefit of the registered owner or owners of the Bonds, of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business in the same area. The Ordinance is not being construed as requiring the City to expend any funds which are derived from sources other than the operation of the Systems, but nothing herein will be construed as preventing the City from doing so.

RECORDS AND ACCOUNTS

The City must keep proper books, records, and accounts, separate from all other books, records, and accounts, in which complete and correct entries must be made of all transactions relating to the Systems. Upon written request made not more than 60 days following the close of the fiscal year, the City must furnish to any registered owner of any Parity Bonds, complete financial statements of the Systems in reasonable detail covering such fiscal year, certified by the City's Auditor. Any registered owner or owners of 25% of the Parity Bonds at the time outstanding have the right at all reasonable times to inspect the Systems and all records, accounts, and data of the City relating thereto.

ADDITIONAL COVENANTS

The City further covenants that:

1. It has the lawful power to pledge the revenues supporting the Parity Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas, that the Parity Bonds are ratably secured by said pledge of income, in such manner that one Parity Bond has no preference over any other Bond.
2. Other than for the payment of the Parity Bonds, the rents, revenues, and income of the Systems have not in any manner been pledged to the payment of any debtor obligations of the City or of the Systems.
3. So long as any of the Parity Bonds remain unpaid, the City will not sell or encumber the Systems or any substantial part thereof, and that it will not encumber the revenues thereof unless such encumbrance is made pursuant to this Ordinance or is junior and subordinate to all of the provisions of the Ordinance.

4. No free service of the Systems is allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof must be made by the City out of funds from sources other than the revenues and income of the Systems.
5. To the extent that it legally may, so long as any of the Bonds or any interest thereon is outstanding, no franchise will be granted for the installation or operation of any competing systems and that the City will prohibit the operation of any such systems other than those owned by the City and the operation of any such systems by anyone other than the City is hereby prohibited.

TAX MATTERS

OPINION

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds," the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C – FORM OF OPINION OF BOND COUNSEL."

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, and (b) covenants of the City contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the City, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of Existing Law and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and no assurance can be given that the Service would agree with the opinion of Bond Counsel, if the tax-exempt status of the interest on the Bonds were the subject of an audit. If an audit is commenced, under current procedures the Service is likely to treat the City as the "taxpayer", and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

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

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

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

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

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

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

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

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

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code. Section 55 of the Code imposes a tax equal to 20 percent for corporations, or 26 percent for noncorporate taxpayers (28 percent for taxable income exceeding \$175,000), of the taxpayer's "alternative minimum taxable income," if the amount of such alternative minimum tax is greater than the taxpayer's regular income tax for the taxable year.

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

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

STATE, LOCAL AND FOREIGN TAXES

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

OTHER INFORMATION

RATINGS

All of the presently outstanding parity bonds of the System are rated “Aaa” by Moody’s and “AAA” by S&P through insurance by various commercial insurance companies. The underlying ratings for the outstanding parity bonds are “A1” by Moody’s and “A+” S&P. The City will require that the Initial Purchasers of the Bonds purchase bond insurance for the Bonds in accordance with the Notice of Sale and Bidding Instructions. The City has applied to Moody’s and S&P for ratings on the Bonds.

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 9 of the Bond Procedures Act provides that the Bonds “will constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees, and for the sinking fund of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas”. The Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the PFIA, the Bonds may have to be assigned a rating of “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Bonds for such purposes.

LEGAL OPINIONS

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Bonds and to the effect that the Bonds are valid and legally binding special obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on corporations. Bond Counsel has reviewed the information relating to the Bonds and the Ordinance to determine that such information conforms to the Ordinance. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. With respect to the transaction described in the Official Statement, Bond Counsel represents only the City.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 8 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year. The City will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the State of Texas and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

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

The Municipal Advisory Council of Texas (the "MAC") has been designated by the State of Texas and approved by the SEC staff as a qualified SID. The address of the MAC is 600 West 8th Street, P. O. Box 2177, Austin, Texas 78768-2177, and its telephone number is 512/476-6947.

MATERIAL EVENT NOTICES . . . The City will also provide timely notices of certain events to certain information vendors. The City will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (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 Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. (Neither the Bonds nor the Ordinance make any provision for liquidity enhancement.) In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "ANNUAL REPORTS." The City will provide each notice described in this paragraph to the SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB"). The foregoing notwithstanding, notices may be made solely by transmitting such filing to the MAC as provided at <http://www.disclosureusa.org>, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID . . . The City has agreed to provide the foregoing information only to NRMSIRs and the SID. The information will be available to holders of Bonds only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

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

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "ANNUAL REPORTS" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

The City did not receive an invoice for debt service requirements due to the bondholders on August 15, 2003 for the Certificates of Obligation, Series 2002, and thus did not make its payment timely. Upon notification of the error, the City wired the required funds to the paying agent on August 22, 2003. A notice of material event was filed. The City has taken remedial steps to ensure that the reasons for the delay would not occur in the future.

INITIAL PURCHASERS

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchasers") to purchase the Bonds at the interest rates shown on the inside front cover of this Official Statement at a purchase price of _____% of the principal amount thereof plus a cash premium of \$_____. The initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of, the Initial Purchasers. The City has no control over the price at which the Bonds are subsequently sold. The Initial Purchasers can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchasers.

FINANCIAL ADVISOR

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

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

FORWARD-LOOKING STATEMENTS

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

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

MISCELLANEOUS

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

CERTIFICATION OF THE OFFICIAL STATEMENT

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

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Initial Purchasers.

Mayor
City of College Station, Texas

ATTEST:

City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City, located in Brazos County, is situated in the middle of a triangle bounded by Dallas/Ft. Worth, Houston, and San Antonio/Austin. Approximately 80% of the Texas population is located within a 200 mile radius of the City. The City is principally a residential community for faculty, students and other personnel of Texas A&M University. The City periodically accesses technical information and assistance made available by Texas A&M University.

The City was incorporated in 1938 and has a Council-City Manager form of government with City employees totaling 886 currently.

The City adopted and enforces comprehensive zoning and building restrictions aimed at assuring orderly growth and development. The City's ordinances require all subdividers, at their own expense and without provision for refund, to install streets and water and wastewater lines in any planned subdivision. These facilities are constructed under the City's specifications and inspection and when completed are deeded to the City free and clear. All areas within the City are now adequately served with water, wastewater and electric service.

CITY OWNED FACILITIES

The City has constructed a major part of its present facilities out of current revenues. Approximately 395 miles of streets (99%) within the City are hard surface. The City has a complete water distribution, wastewater collection and treatment system with 644 miles of wastewater and water lines. The City owns the electrical distribution system with approximately 400 miles of distribution lines, and purchases its electricity from American Electric Power.

The City has a fully equipped police department with 114 full time police officers and 51 support personnel. The department has 29 police patrol cars and one holding facility with a capacity of 17. The fire department consists of 116 full time units and 4 part time units. There are five stations and a total of 6 engines, 1 quint, 5 ambulances, 1 command vehicle, 1 rescue truck, and 1 ladder truck.

EDUCATIONAL FACILITIES

The College Station Independent School District is a fully accredited system offering 11 educational campuses for pre-kindergarten through high school. The School District has a student enrollment in excess of 8,700 and employs over 1,100 people. The School District's facilities are also used by Blinn College, a community college offering two years of college level courses.

Texas A&M University provides higher educational facilities, offering both four year college programs and graduate degree programs.

HEALTH CARE

The College Station Medical Center is located on 25 acres within the City. The 200,000 square foot facility is a full care hospital containing 150 beds and employing more than 400 people. Other area health care providers include: St. Joseph Regional Health Care Center, Scott & White Clinic, and The Physicians Centre.

TRANSPORTATION

U.S. Highway 190/State Highway 21 links the City to Interstate 45 which is located approximately 35 miles to the east. State Highway 21 via U.S. Highway 290 also links the City to Austin, located approximately 110 miles to the west. State Highway 6 links the City to Waco (100 miles) and Interstate 35 to the north, and Houston (90 miles) to the south. Also, State Highway 30 links the City to Huntsville (45 miles) and Interstate 45 to the east.

Airlines	Commercial, corporate and private airport facilities are provided by Easterwood Airport, which is located on the City's west side and is owned and operated by Texas A&M University. American Eagle Airlines provides daily flights to and from Dallas-Fort Worth Airport out of Easterwood. Continental Connection provides daily flights to and from Houston Bush Intercontinental Airport out of Esterwood. Coulter Field is located north of the City of Bryan and provides a recently completed 4,000 foot lighted runway. Coulter Field offers all types of services for the private aircraft.
Bus Lines	Two bus lines serve the City with daily service connecting the City with Houston and Dallas.
Railroads	Rail freight service is provided by the Union Pacific Railroad. Union Pacific Railroad operates a main freight line from Houston through Bryan-College Station to Dallas-Fort Worth and beyond.

RECREATION

The College Station park system presently includes 46 parks encompassing 1,274 acres, including a 515 acre wilderness park. Collectively, these parks contain 46 playgrounds, 31 soccer fields, 20 basketball courts, 32 softball/baseball diamonds, 3 swimming pools, a gymnasium, and a number of picnic shelters. The Parks Department sponsors a variety of organized athletic and aquatic programs as well as many special events throughout the year.

POPULATION

	Official U.S. Census						
	1940	1950	1960	1970	1980	1990	2000
City of College Station	2,184	7,925	11,396	17,676	37,272	52,456	67,890
Brazos County	26,977	38,390	44,895	57,978	93,588	121,862	152,415

ECONOMIC BACKGROUND

Texas A&M University and System

Of major importance to the City is Texas A&M University which has a 5,200 acre campus located within the City. The City is principally a residential community for faculty, students and other personnel of the University. Texas A&M University and its System are the largest employer in Brazos County and a major contributor to the local economy. Texas A&M has a significant economic impact on the City, contributing an estimated \$1 billion annually to the local economy. Texas A&M has consistently ranked in the top fifty nationally among public institutions of higher education in both enrollment and research grants. Research dollars totaled approximately \$569 million for 2006. The University has approximately 21,000 permanent and part-time employees with a payroll of approximately \$724.7 million and has a physical plant valued in excess of \$1 billion.

Texas A&M had an enrollment of 45,380 students during the fall semester of 2006. There are currently over 600 National Merit Scholars enrolled at Texas A&M University, ranking in the nation's top 20 universities for National Merit Scholar enrollment.

Student Rec Center

The Student Rec Center is a 286,000 square foot building located on the Texas A&M University campus. The Center includes multi-purpose gyms with badminton, basketball and volleyball courts, indoor soccer courts with dasher boards, 14 racquetball/handball courts, and two squash courts with glass backwalls. The Center is home to a 14,000-square foot area with machine weights, free weights, cardio-vascular equipment, and a cardio-theater; five activity rooms for aerobics, dance and martial arts; and a quarter-mile four-lane walking/jogging track. It features a 44-foot indoor rock climbing facility with interchangeable hand and footholds, an outdoor activity area with a six-lane lap, and a free-form pool with a cool water spa. The building also houses a natatorium that seats 2,500 with a 50-meter, eight-lane Olympic-size pool, a five-lane instructional pool, a diving well with one and three meter springboards and competitive platforms, and hot tubs.

George Bush Presidential Library and Museum

The City is the site of the George Bush Presidential Library and Museum, located on the campus of Texas A&M University. Texas A&M provides programs and facilities such as research and instructional programs related to the library and museum, a conference center, communications center, educational museum/library center, and family-oriented facilities such as a park surrounding the presidential library and museum.

Reed Arena

Reed Arena is a special events center located on the Texas A&M University campus. The Arena seats up to 12,500 people and is the largest such facility in the Brazos Valley area. The center attracts athletic events, concerts and exhibits.

MAJOR AREA EMPLOYERS

<u>Firm Name</u>	<u>Product</u>	<u>Number of Employees</u>
Texas A&M University and System	Education/Research	16,000+
Bryan ISD	Education	1,949
St. Joseph's Regional Hospital	Health Services	1,590
Sanderson Farms, Inc.	Poultry Processing	1,539
College Station ISD	Education	1,400
Universal Computer Systems	Computer Hardware and Software	959
City of Bryan	Government	889
City of College Station	Government	886
Brazos County	Government	751
Walmart	Retail	650
Alenco	Windows	611
HEB Grocery	Retail	590
Scott & White Clinic	Health Services	553
West Corporation	Telecommunication	550
College Station Medical Center	Health Services	420

Source: Research Valley Partnership.

In addition to the University, employment is provided by more than 85 manufacturing industries located in, or adjacent to, the City which produce such products as aluminum windows, furniture, chemicals, dairy products, feeds and fertilizers, modular homes, bronze castings, and geophysical survey sensors. A growing research park is located within the Texas A&M campus. Major tenants include the Offshore Technology Research Center and the Food Safety Inspection School National Training Center. Automated Management Systems provides a major automated accounting service for independent property and casualty insurance agents. The City has also developed the College Station Business Center, a 200-acre business park. Tenants within the park include Universal Computer Systems ("UCS"), which employs approximately 960 people; Cox Media, a graphics advertising business; Prodigene, a biotechnology research business; and Stata Corporation, a software research business.

BUILDING PERMITS

College Station has grown rapidly over the past 30 years as evidenced by an increase in population from 17,676 in 1970 to 67,890 in 2000. The following table sets forth the number and value of construction permits issued by the City over the past several years.

<u>Year</u>	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>Total</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
2002	1,207	\$ 107,907,265	307	\$ 38,926,808	1,514	\$ 146,834,073
2003	1,127	138,484,780	315	49,408,634	1,442	187,893,414
2004	985	100,504,006	366	114,543,138	1,351	215,047,144
2005 ⁽¹⁾	1,991	127,265,816	419	31,169,195	2,410	158,435,011
2006	1,048	126,249,768	410	57,162,203	1,458	183,411,971

Source: The City.

(1) Overall in 2005, residential construction permits are higher in 2005 than 2004 because in 2005 there were 1,142 roofing permits as the result of a major hailstorm in College Station. The total numbers of permits issued for single family homes and multi-family units was 628 in 2005 as compared to 644 in 2004.

COUNTY CHARACTERISTICS

Brazos County was created in 1841 from Robertson and Washington Counties. The economy is diversified primarily by agribusiness, computer manufacturing, research and development, and education. The Texas Almanac designates cattle, hogs, sorghums, corn, cotton, wheat, oats and pecans as the principal sources of agricultural income.

The County had a 2000 population of 152,415, an increase of 25.07% since 1990. Minerals produced in the County include sand and gravel, lignite, gas and oil.

LABOR STATISTICS

COLLEGE STATION

<u>Year</u> ⁽¹⁾	<u>Labor</u> <u>Force</u>	<u>Total</u> <u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2002	31,667	31,088	579	1.8%
2003	33,005	32,210	795	2.4%
2004	33,372	32,669	703	2.1%
2005	39,963	38,482	1,481	3.7%
2006	40,556	38,858	1,698	4.2%
2007 ⁽²⁾	40,415	38,939	1,476	3.7%

BRAZOS COUNTY

<u>Year</u> ⁽¹⁾	<u>Labor</u> <u>Force</u>	<u>Total</u> <u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
2002	79,524	78,143	1,381	1.7%
2003	82,861	80,965	1,896	2.3%
2004	86,095	82,433	3,662	4.3%
2005	87,489	84,035	3,454	3.9%
2006	88,190	84,627	3,563	4.0%
2007 ⁽²⁾	87,961	84,803	3,158	3.6%

Source: Texas Workforce Commission.

(1) Because of methodology changes in geographical areas below the state level, data from 2004 or earlier is not considered comparable.

(2) Average through March.

APPENDIX B

EXCERPTS FROM THE
CITY OF COLLEGE STATION, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2006

The information contained in this Appendix consists of excerpts from the City of College Station, Texas Annual Financial Report for the Year Ended September 30, 2006, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

**\$18,665,000
CITY OF COLLEGE STATION, TEXAS
(Brazos County)**

UTILITY SYSTEM REVENUE BONDS, SERIES 2007

SEALED BIDS DUE MONDAY, AUGUST 6, 2007 at 10:00 A.M., CDST

**THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS.**

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of College Station, Texas (the "City") is offering for sale its \$18,665,000 Utility System Revenue Bonds, Series 2007 (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

- (1) Deliver bids directly to the City as described below in "Bids Delivered to the City;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

BIDS DELIVERED TO THE CITY

Sealed bids, plainly marked "Bid for Bonds," should be addressed to "Mayor and City Council, City of College Station, Texas," and delivered in care of Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, prior to 10:00 A.M., CDST, on the date of the bid opening. All bids must be submitted on the Official Bid Form, without alteration or interlineation.

ELECTRONIC BIDDING PROCEDURES

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of the Parity Electronic Bid Submission System ("PARITY"). Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. **Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.**

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BIDCOMP/PARITY, including any fee charged, may be obtained from BIDCOMP/PARITY Customer Support, 40 W. 23rd Street, 5th Floor, New York, New York 10010, telephone: (212) 404-4102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by i-Deal shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis of Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.**

BIDS BY TELEPHONE OR FACSIMILE

Bidders must submit, on or before August 6, 2007, two signed Official Bid Forms plus an envelope marked as described above to Drew Masterson, First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, and submit their bid by telephone or facsimile on the date of the sale.

Telephone bids will be accepted at (713) 654-8654, between 9:00 A.M. and 9:45 A.M., CDST.

Facsimile bids must be received between 9:00 A.M. and 10:00 A.M., CDST on the date of the sale at (713) 654-8658, attention Drew Masterson.

The City and First Southwest Company are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis. **First Southwest Company will not be responsible for submitting any bids received after the above deadlines.** The City and First Southwest Company assume no responsibility or liability with respect to any irregularities associated with the submission of bids if telephone or facsimile options are exercised.

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read in the office of First Southwest Company, Financial Advisor to the City, 1021 Main Street, Suite 2200, Houston, Texas 77002, at 10:00 A.M. CDST, Monday, August 6, 2007.

AWARD OF THE BONDS . . . The City Council will take action to award the Bonds (or reject all bids) at a meeting scheduled to convene at 7:00 P.M., CDST, on the date of the bid opening, and adopt an ordinance authorizing the Bonds and approving the Official Statement (the "Ordinance").

THE BONDS

DESCRIPTION . . . The Bonds will be dated September 1, 2007 (the "Dated Date"). Interest will accrue from the Dated Date and will be due on February 1, 2008, and each August 1 and February 1 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on February 1 in each year as follows:

MATURITY SCHEDULE

Year	Principal Amount	Year	Principal Amount
2008	\$ 575,000	2018	\$ 915,000
2009	570,000	2019	965,000
2010	600,000	2020	1,015,000
2011	635,000	2021	1,070,000
2012	665,000	2022	1,125,000
2013	705,000	2023	1,190,000
2014	740,000	2024	1,250,000
2015	780,000	2025	1,320,000
2016	825,000	2026	1,390,000
2017	865,000	2027	1,465,000

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2017, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all of the Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Bonds into "Term Bonds," such "Term Bonds" shall be subject to mandatory redemption on the first February 1 next following the last maturity for Serial Bonds, and annually thereafter on each February 1 until the stated maturity for the Term Bonds at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Bonds occurred. At least thirty (30) days prior to each mandatory date, the Paying Agent/Registrar (see "PAYING AGENT/REGISTRAR" below) shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Bonds of the same maturity which at least fifty (50) days prior to a mandatory redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “THE BONDS - BOOK-ENTRY-ONLY SYSTEM” in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Trust Company, N.A., Dallas, Texas. See “THE BONDS - PAYING AGENT/REGISTRAR” in the Official Statement.

SOURCE OF PAYMENT . . . The Bonds are payable, both as to principal and interest, solely from and secured by a first lien on and a pledge of the Net Revenues of the System after payment of maintenance and operating expenses (see “THE BONDS - SECURITY AND SOURCE OF PAYMENT” in the Official Statement).

Further details regarding the Bonds are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Bonds will be sold in one block on an “All or None” basis, and at a price of not less than their par value plus accrued interest from date of the Bonds to the date of delivery of the Bonds. Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2% in rate. Using the interest rate established for the February 1, 2017 maturity as the base year, interest rates for successive maturities shall be structured in ascending order such that for each succeeding maturity, rates shall be equal to or greater than the interest rate for the maturity of the preceding year. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state in the bid the true interest cost which shall be considered informative only and not as a part of the bid.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Bonds will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Initial Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid, if any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the “City of College Station, Texas,” in the amount of \$373,300 is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Bonds.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with the bid, then said check shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Bonds has been made.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF BONDS . . . Delivery will be accomplished by the issuance of one bond for each maturity (also called the “Initial Bonds”), either in typed or printed form, in the aggregate principal amount of \$18,665,000, payable to the Initial Purchaser, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bonds, they shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Bonds must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the

Bonds can be made on or about September 11, 2007, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CDST, on September 11, 2007, or thereafter on the date the Bonds are tendered for delivery, up to and including October 9, 2007. If for any reason the City is unable to make delivery on or before October 9, 2007, the City shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Initial Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of (a) the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Bonds) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Bonds for sale, such certificate may be modified in a manner approved by the City. **In no event will the City fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the City. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS . . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Initial Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding special obligations of the City and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" in the Official Statement, including alternative minimum tax consequences for corporations. With respect to the transactions described in the Official Statement, Bond Counsel represents only the City.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Bonds, the City will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Official Statement.

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Bonds are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on bonds of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company has agreed, in its Financial Advisory contract, not to bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The City agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional revenue debt within the next 12 months. Concurrently with the sale of the Bonds, the City is offering for sale its \$3,930,000 General Obligation Improvement Bonds, Series 2007 and its \$3,960,000 Certificates of Obligation, Series 2007, both of which are secured by a pledge of ad valorem taxes. The Certificates are also secured by a limited pledge (not to exceed \$1,000) of surplus revenues of the System.

RATINGS . . . All of the presently outstanding parity bonds of the System are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") through insurance by various commercial insurance companies (see "OTHER INFORMATION - RATINGS"). The underlying ratings for the outstanding parity bonds are "A1" by Moody's and "A+" S&P. Applications for contract ratings on this issue have been made to Moody's and S&P.

MUNICIPAL BOND INSURANCE . . . The Initial Purchaser is **required** to purchase municipal bond insurance for the Bonds from a AAA-rated (or its equivalent) municipal bond insurance provider and the cost therefor **will be paid by the Initial Purchaser**. Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City**. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Bonds.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the City, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The City will furnish to the Initial Purchaser(s), acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser(s), within seven (7) business days from the sale date an aggregate of 150 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser(s). The Initial Purchaser(s) shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The City will agree in the Ordinance to provide certain periodic information and notices of material events in accordance with SEC Rule 15c2-12, as described in the Official Statement under "Continuing Disclosure of Information". The Initial Purchaser(s)' obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser(s) or (their) agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

The City did not receive an invoice for debt service requirements due to the bondholders on August 15, 2003 for the Certificates of Obligation, Series 2002, and thus did not make its payment timely. Upon notification of the error, the City wired the required funds to the paying agent on August 22, 2003. A notice of material event was filed. The City has taken remedial steps to ensure that the reasons for the delay would not occur in the future.

ADDITIONAL COPIES OF NOTICE OF SALE, BID FORM AND OFFICIAL STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of First Southwest Company, 1021 Main Street, Suite 2200, Houston, Texas 77002, Financial Advisor to the City.

The City Council has approved the form and content of the Notice of Sale and Bidding Instructions, the Official Bid Form and Official Statement, and authorized the use thereof in its initial offering of the Bonds. On the date of the sale, the City Council will, in the Ordinance authorizing the issuance of the Bonds, confirm its approval of the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Initial Purchaser.

Mayor
City of College Station, Texas

ATTEST:

City Secretary

OFFICIAL BID FORM

Honorable Mayor and City Council
City of College Station, Texas

August 6, 2007

Members of the City Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated July 12, 2007, of \$18,665,000, CITY OF COLLEGE STATION, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2007 (the "Bonds"), both of which constitute a part hereof.

For your legally issued Bonds, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay you par and accrued interest from date of issue to date of delivery to us, plus a cash premium of \$_____ for Bonds maturing and bearing interest as follows:

<u>Maturity</u> <u>2/1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>2/1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2008	\$ 575,000	_____ %	2018	\$ 915,000	_____ %
2009	570,000	_____ %	2019	965,000	_____ %
2010	600,000	_____ %	2020	1,015,000	_____ %
2011	635,000	_____ %	2021	1,070,000	_____ %
2012	665,000	_____ %	2022	1,125,000	_____ %
2013	705,000	_____ %	2023	1,190,000	_____ %
2014	740,000	_____ %	2024	1,250,000	_____ %
2015	780,000	_____ %	2025	1,320,000	_____ %
2016	825,000	_____ %	2026	1,390,000	_____ %
2017	865,000	_____ %	2027	1,465,000	_____ %

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

<u>Term Bond</u> <u>Maturity Date</u>	<u>Year of</u> <u>First Mandatory</u> <u>Redemption</u>	<u>Principal</u> <u>Amount of</u> <u>Term Bond</u>	<u>Interest</u> <u>Rate</u>
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %
_____	_____	\$ _____	_____ %

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

TRUE INTEREST COST _____ %

We are having the Bonds insured by _____ at a premium of \$_____, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the City.**

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

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$373,300 which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds at The Bank of New York Trust Company, N.A., Dallas, Texas, not later than 10:00 AM, CDST, on September 11, 2007, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the Initial Purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

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

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

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of College Station, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the _____ day of _____, 2007.

ATTEST:

Mayor
City of College Station, Texas

City Secretary

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies with respect to the sale of CITY OF COLLEGE STATION, TEXAS UTILITY SYSTEM REVENUE BONDS, SERIES 2007 (the "Bonds"), issued in aggregate principal amount of \$18,665,000 as follows:

1. The undersigned is the underwriter or the manager of the syndicate of underwriters which has purchased the Bonds from the City of College Station, Texas (the "Issuer") at competitive sale.
2. The undersigned and/or one or more other members of the underwriting syndicate, if any, have made a bona fide offering to the public of the Bonds of each maturity at the respective prices set forth below.
3. The initial offering price (expressed as a percentage of principal amount or yield and exclusive of accrued interest) for the Bonds of each maturity at which a substantial amount of the Bonds of such maturity was sold to the public is as set forth below:

<u>Principal Amount Maturing</u>	<u>Year of Maturity</u>	<u>Initial Offering Price</u>	<u>Principal Amount Maturing</u>	<u>Year of Maturity</u>	<u>Initial Offering Price</u>
\$ 575,000	2008	%	\$ 915,000	2018	%
570,000	2009	%	965,000	2019	%
600,000	2010	%	1,015,000	2020	%
635,000	2011	%	1,070,000	2021	%
665,000	2012	%	1,125,000	2022	%
705,000	2013	%	1,190,000	2023	%
740,000	2014	%	1,250,000	2024	%
780,000	2015	%	1,320,000	2025	%
825,000	2016	%	1,390,000	2026	%
865,000	2017	%	1,465,000	2027	%

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
5. The offering prices described above reflect current market prices at the time of such sales.
6. The undersigned and/or one or more other members of the underwriting syndicate, as the case may be, have purchased bond insurance for the Bonds. The bond insurance has been purchased from _____ (the "Insurer") for a premium cost of \$_____ (net of any nonguarantee cost, e.g., rating agency fees). The amount of such cost is set forth in the Insurer's commitment and is separately stated from all other fees or charges payable to the Insurer. The premium does not exceed a reasonable charge for the transfer of credit risk taking into account payments charged by guarantors in comparable transactions (including transactions in which a guarantor has no involvement other than as a guarantor). The present value of the debt service savings expected to be realized as a result of such insurance, discounted at a rate equal to the yield on the Bonds which results after recovery of the insurance premium, exceeds the present value of the bond insurance premium.
7. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, on the excludability of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this _____ day of _____, 2007.

(Name of Underwriter or Manager)

By _____

(Title)

July 12 2007
Consent Agenda Item
Lincoln Center Parking Lot Expansion

To: Glenn Brown, City Manager

From: Eric Ploeger, Assistant Director of Parks and Recreation Department

Agenda Caption: Presentation, possible action, and discussion regarding approval of a resolution awarding contract number 07-210, a construction contract with Brazos Paving, Inc., in the amount of \$76,389.65 for the construction of additional parking spaces for Lincoln Center located at 1000 Eleanor.

Recommendation(s): Staff recommends award of the contract to the lowest responsible bidder meeting specifications, Brazos Paving, Inc.

Summary: This contract is for the addition of twenty-one (21) additional parking spaces to serve Lincoln Center and W.A. Tarrow Park. Additional drainage features, landscaping, irrigation, and lighting are also included. The additional parking will be located on the north end of the existing parking lot adjacent to the multi-purpose pavilion that was completed in 2005. The parking lot expansion is consistent with the W.A. Tarrow Master Plan that was revised in 2003. Sealed, competitive bids for Bid Number 07-84 were received from three (3) contracting firms. The bid summary is attached.

Budget & Financial Summary: This project is funded with Community Development Block Grant (CDBG) Funds. Funds are budgeted and available for this project in the Parks Capital Projects Fund in the amount of \$99,000. Design and miscellaneous charges are approximately \$12,000.

Attachments:

- 1) Resolution
- 2) Bid Number 07-84 Bid Tabulation
- 3) Project Location Map
- 4) Site Plan

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING A CONSTRUCTION CONTRACT FOR THE LINCOLN CENTER PARKING LOT EXPANSION CONSTRUCTION PROJECT, PROJECT NUMBER PK 0702 AND AUTHORIZING THE EXPENDITURES OF FUNDS.

WHEREAS, the City of College Station, Texas, solicited proposals for the construction phase of the Lincoln Center Parking Lot Expansion Construction Project; and

WHEREAS, the selection of Brazos Paving, Inc., is being recommended as the lowest responsible bidder for the construction services related to the Lincoln Center Parking Lot Expansion Construction Project; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the City Council hereby finds that Brazos Paving, Inc. is the lowest responsible bidder.

PART 2: That the City Council hereby approves the contract with Brazos Paving, Inc., in the amount of \$76,389.65 for the labor, materials, and equipment required for the Lincoln Center Parking Lot Expansion Construction Project.

PART 3: That the funding for this Contract shall be as budgeted from the Parks Capital Improvement Projects Fund in the amount of \$76,389.65.

PART 4: That this resolution shall take effect immediately from and after its passage.

ADOPTED this 12th day of _____ July _____, A.D. 2007.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:



City Attorney

LINCOLN COMMUNITY CENTER PARKING LOT ADDITIONS

**07-84 Tabulation
Parks and Recreation**

6/7/2007

Item #	Description	Quantity/Unit	Brazos Paving, Inc.		Brazos Valley Services		Dudley Construction	
			Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	Mobilization, Demolition & Coordination	1 LS	\$8,100.00	\$8,100.00	\$4,000.00	\$4,000.00	\$11,113.00	\$11,113.00
2	Erosion, Sediment Control & Seeding	1 LS	\$6,821.75	\$6,821.75	\$6,210.00	\$6,210.00	\$4,754.00	\$4,754.00
3	Earthwork, Excavation & Final Grading	570 CY	\$7.59	\$4,326.30	\$10.00	\$5,700.00	\$25.49	\$14,529.30
4	6" Raised Concrete Curb and Gutter	780 LF	\$13.00	\$10,140.00	\$15.00	\$11,700.00	\$9.11	\$7,105.80
5	6" Compacted Lime Subgrade	1,740 SY	\$4.50	\$7,830.00	\$9.00	\$15,660.00	\$7.95	\$13,833.00
6	6" Thick Limestone Base	1,445 SY	\$10.61	\$15,331.45	\$12.00	\$17,340.00	\$10.96	\$15,837.20
7	2" Thick HMA (Type D)	1,445 SY	\$10.27	\$14,840.15	\$13.00	\$18,785.00	\$16.16	\$23,351.20
8	Striping, Symbols & Signage	1 LS	\$750.00	\$750.00	\$1,500.00	\$1,500.00	\$1,932.00	\$1,932.00
9	Landscaping (Trees, Plants, & Shrubs)	1 LS	\$5,115.00	\$5,115.00	\$5,400.00	\$5,400.00	\$6,991.00	\$6,991.00
10	Irrigation Improvements	1 LS	\$3,135.00	\$3,135.00	\$3,500.00	\$3,500.00	\$4,285.00	\$4,285.00

Total

\$76,389.65

\$89,795.00

\$103,731.50

Calendar Days for Completion

45

60

60

Certification of Bid

Y

Y

Y

Deviations/Conditions

N

N

N

Addenda Acknowledged

N/A

N/A

N/A

Bid Bond

Y

Y

Y

Wellborn Rd.

Lincoln Center



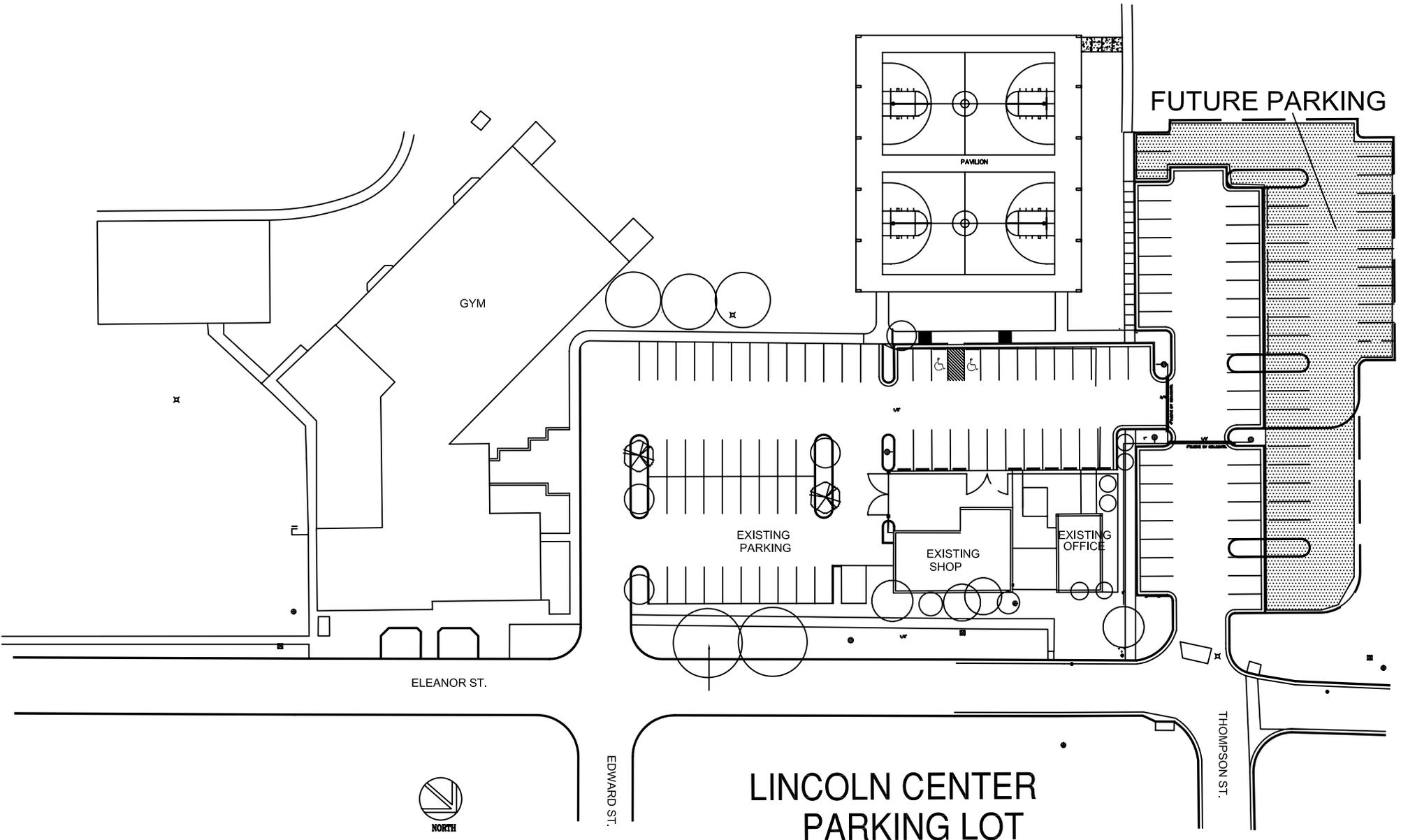
Eleanor St.

Fairview St.

Holleman Dr.



Lincoln Center Location Map



July 12, 2007
Consent Agenda
Employee Insurance

To: Glenn Brown, City Manager

From: Julie O'Connell, Director of Human Resources

Agenda Caption: Presentation, possible action, and discussion on approval of 2007 contracts for employee insurance with Pharmacare, Interface EAP, The Standard Insurance Company, and Blue Cross Blue Shield for the health plan and reinsurance (stop loss).

Recommendation(s): Staff recommends approval of contracts.

Summary: At the October 23, 2006 Council meeting, the City Council approved expenditures for fees, premiums and projected claims with the above carriers. At that time, the Council was informed that the contracts would be brought back at a later date for approval, as the contracts had not been received from the carriers before the required designated time for approval of expenditures for 2007. All of the contracts have now been received and reviewed, and this action completes the process.

Budget and Financial Summary: No costs are associated with this approval; expenditures were approved with the October 23, 2006 action.

Attachments: (to be distributed at the Council Meeting)

- 1. Blue Cross/Blue Shield Contract for health plan**
- 2. Pharmacare Contract**
- 3. Standard Insurance Contract**
- 4. Interface EAP Contract**
- 5. Blue Cross/Blue Shield Contract for stop loss**

July 12, 2007
Consent Agenda
Employee Insurance

To: Glenn Brown, City Manager

From: Julie O'Connell, Director of Human Resources

Agenda Caption: Presentation, possible action, and discussion on ratification and approval of contracts for employee insurance from 2004, 2005, and 2006 with Blue Cross/Blue Shield for the health plan, and the 2005 contract with The Standard Insurance Company.

Recommendation: Staff recommends approval.

Summary: For health plan years 2004, 2005, and 2006, Blue Cross/Blue Shield contract documents were not supplied by the carrier until after the policy was in effect. The 2005 contract for life insurance also was not supplied by The Standard Insurance Company until after the policy was in effect. All expenditures were approved in advance of each of the plan years stated above; the Council approved the renewals and associated cost projections. The contracts have been executed. This action will ratify and approve the contracts.

Budget and Financial Summary: No costs are associated with this approval; expenditures were approved at the designated Council meetings in 2003, 2004, and 2005, before the beginning of each specified plan year.

Attachments: (to be distributed at the Council Meeting)

- 1. Blue Cross/Blue Shield Contract**
- 2. The Standard Insurance Company Contract**

Draft Minutes
City Council Workshop Meeting
Thursday, June 28, 2007, 4:00 p.m.
City Hall Council Chambers, 1101 Texas Avenue
College Station, Texas

COUNCIL MEMBERS PRESENT: Mayor White, Council members Massey, Gay, McIlhaney, Ruesink, Crompton

COUNCIL MEMBER ABSENT: Scotti

STAFF PRESENT: City Manager Brown, City Attorney Cargill Jr., City Secretary Hooks, Assistant City Secretary Casares, Management Team

Mayor White called the meeting to order at 4:00 p.m.

Workshop agenda Item No. 1 - Presentation, possible action, and discussion on items listed on the consent agenda.

Consent Agenda Item No. 2h. – Presentation, possible action, and discussion regarding approval of a new lease with the City of Bryan for Water Well #4, for a period of three years.

Director of Water Services David Coleman clarified the lease agreement with the City of Bryan for Water Well #4 for a period of three years.

Workshop Agenda Item No. 2 – Presentation, possible action, and discussion regarding a recommendation from the Cemetery Committee Advisory Committee for the name of the new municipal cemetery to be located at 3800 Raymond Stotzer Parkway and authorization to proceed with the option sale process for spaces.

Forestry/Urban Landscape Manager Ross Albrecht noted that the Cemetery Committee made a recommendation to name the new municipal cemetery “The Memorial Cemetery of College Station and a recommendation that “The Aggie Field of Honor” name be used for the section designated for Texas A&M University students, former students, faculty, staff, their families and friends of Texas A&M University.

Mr. Albrecht described the Option Sale process. The process was developed to provide an equitable means of addressing the anticipated demand for spaces in the new municipal cemetery. Staff developed the process to provide an orderly process for space selection prior to the opening of the facility.

After a brief discussion, the consensus of the City Council was to proceed with the “Option Sale” of new spaces.

Workshop Agenda Item No. 3 – Presentation, possible action and discussion on an update of the FY 08 Outside Agency review process.

Chief Financial Officer Jeff Kersten provided an update on the status of the Outside Agency funding review process. He demonstrated issues pertaining to the contract partner agencies, department budget agencies, non CDBG funded outside service agencies, CDBG funded outside service agencies, and policy issues of City participation in event sponsorship and table purchases.

No formal action was taken.

Workshop Agenda Item No. 4 – Council Calendars

Council reviewed their upcoming events.

Workshop Agenda Item No. 5 – Presentation, possible action, and discussion on future agenda items: A Council Member may inquire about a subject for which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.

Council member Crompton requested a workshop agenda item regarding the effectiveness of the City of College Station Economic Development Department efforts over the past five years. He requested a report on direct expenditures and/or indirectly allocated resources through the Research Valley Partnership to promote Economic Development activities. Council member McIlhane seconded the motion, which carried unanimously, 6-0.

FOR: White, Massey, Gay, McIlhane, Crompton, Ruesink
 AGAINST: None
 ABSENT: Scotti

Workshop Agenda Item No. 6 - Discussion, review and possible action regarding the following meetings: Audit Committee, Brazos County Health Dept., Brazos Valley Council of Governments, Cemetery Committee, City Center, CSISD/City Joint Meeting, Design Review Board, Fraternal Partnership, Historic Preservation Committee, Interfaith Dialogue Association, Intergovernmental Committee and School District, Joint Relief Funding Review Committee, Library Committee, Making Cities Livable Conference, Metropolitan Planning Organization, Outside Agency Funding Review, Parks and Recreation Board, Planning and Zoning Commission, Sister City Association, TAMU Student Senate, Research Valley Partnership, Regional Transportation Committee for Council of Governments, Transportation Committee, Wolf Pen Creek Oversight Committee, Wolf Pen Creek TIF Board, Zoning Board of Adjustments, YMCA Coordinating Board.

Council member Massey reported on the items discussed at the Intergovernmental Committee Meeting.

Council member Gay and McIlhaney communicated on the deliberations held at the Transportation Committee Meeting.

Council member Ruesink made comments on the recent meeting of the Sister City Committee meeting.

Mayor White briefed the City Council on the recently held meeting of the Metropolitan Planning Organization.

Workshop Agenda Item No. 7 - Executive Session will immediately follow the workshop meeting in the Administrative Conference Room.

At 5:10 p.m., Mayor White announced in open session that the City Council would convene into executive session pursuant to Sections 551.071, 551.074 and 551.087 of the Open Meetings Act, to seek the advice of our attorney, to consider the appointment and evaluation of public officer(s) and economic development negotiations.

Consultation with Attorney {Gov't Code Section 551.071}; The City Council may seek advice from its attorney regarding a pending and contemplated litigation subject or settlement offer or attorney-client privileged information. Litigation is an ongoing process and questions may arise as to a litigation tactic or settlement offer, which needs to be discussed with the City Council. Upon occasion the City Council may need information from its attorney as to the status of a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

- a. Application with TCEQ in Westside/Highway 60 area, near Brushy Water Supply Corporation.
- b. Application for sewer package plant in Nantucket area.
- c. Civil Action No. H-04-4558, U.S. District Court, Southern District of Texas, Houston Division, *College Station v. U.S. Dept. of Agriculture, etc., and Wellborn Special Utility District*.
- d. Cause No. GN-502012, Travis County, *TMPA v. PUC* (College Station filed Intervention 7/6/05)
- e. Sewer CCN request.
- f. Legal aspects of Lease Agreement for No. 4 Water Well and possible purchase of or lease of another water site.
- g. Civil Action No. H-04-3876, U.S. District Court, Southern District of Texas, Houston Division, *JK Development v. College Station*.
- h. Cause No. 06-002318-CV-272, 272nd Judicial District Court, Brazos County, Texas, *Taylor Kingsley v. City of College Station, Texas and Does 1 through 10, inclusive*.
- i. Cause No. 485, CC, County Court at Law No. 1, Brazos County, Texas, *City of College Station v. David Allen Weber, et al.*
- j. Bed & Banks Water Rights Discharge Permits for College Station and Bryan.
- k. Cause No.07-001241-CV-361, 361st Judicial District Court, Brazos County, Texas, *Gregory A. & Agnes A. Ricks v. City of College Station*

Economic Incentive Negotiations {Gov't Code Section 551.087};The City Council may deliberate on commercial or financial information that the City Council has received from a business prospect that the City Council seeks to have locate, stay or expand in or near the city with which the City Council in conducting economic development negotiations may deliberate on an offer of financial or other incentives for a business prospect. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

- a. Game Day
- b. Convention Center

Personnel {Gov't Code Section 551.074}:

The City Council may deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer. After executive session discussion, any final action or vote taken will be in public. The following public Officer (s) may be discussed:

- a. Planning and Zoning Commission
- b. Zoning Board of Adjustments
- c. Parks and Recreation Board
- d. Construction Board of Adjustments and Appeals

Workshop Agenda Item No. 8 -- Final action on executive session, or any workshop agenda item not completed or discussed in today's workshop meeting will be discussed in tonight's Regular Meeting if necessary.

No action was taken.

Workshop Agenda Item No. 9 – Adjourn

Hearing no objections, the workshop meeting adjourned at 6:50 p.m. on Thursday, June 28, 2007.

PASSED and APPROVED on the 12th day of July, 2007.

APPROVED:

Mayor Ben White

ATTEST:

City Secretary Connie Hooks

Draft Minutes
City Council Regular Meeting
Thursday, June 28, 2007, 7:00 p.m.
City Hall Council Chambers, 1101 Texas Avenue
College Station, Texas

COUNCIL MEMBERS PRESENT: Mayor White, Council members Massey, Gay, McIlhaney, Ruesink, Crompton

COUNCIL MEMBER ABSENT: Scotti

STAFF PRESENT: City Manager Brown, City Attorney Cargill Jr., City Secretary Hooks, Assistant City Secretary Casares, Management Team

Mayor White called the meeting to order at 7:00 p.m. He led the audience in the Pledge of Allegiance. Assistant Director of Development Services provided the invocation. Council member Gay moved to approve Council member Scotti absence request. Council member McIlhaney seconded the motion, which carried unanimously, 6-0.

Hear Visitors

Council did not receive any public comments.

Consent Agenda

Council member Gay moved to approve Consent Agenda Items 2a-2n as presented. Council member Ruesink seconded the motion, which carried unanimously, 6-0.

- a. Approved by common consent **Resolution No. 6-28-207-2a** approving a Inter-local Agreement establishing the Community Emergency Operations Center which will be staffed by a collaborative effort between Brazos County, the cities of College Station and Bryan, and Texas A&M University for a cost of \$62,954 for the first year, this proposal is a 5 year lease with an option for another 5 years.
- b. Approved by common consent **Resolution No. 6-28-2007-2b** suspending the proposal by Atmos Energy Corporation to implement interim Gas Reliability Infrastructure Program (GRIP) rate adjustments for gas utility investment in 2006.
- c. Approved by common consent a purchase order to Hartwell Engineering, Inc. in the amount of \$60,850.00 for the purchase of two replacement diffusers needed in Plants 3 and 5 of Carter's Creek WWTP.
- d. Approved by common consent a local forfeiture agreement between the City of College Station and the Brazos County District Attorney's Office.

- e. Approved by common consent **Resolution No. 6-28-2007-2f** providing an exception to the Policy to allow Mr. John Cochran to construct sewer infrastructure necessary to connect his home to the City sewer system.
- f. Approved by common consent **Resolution No. 6-28-2007-2f** providing an exception to Policy to allow Mr. James Gilley to construct sewer infrastructure necessary to connect his home to the City sewer system.
- g. Approved by common consent **Resolution No. 6-28-2007-2g** determining need for the purchase of a 14.386 acre tract adjacent to the Carters Creek Wastewater Treatment Plant.
- h. Approved by common consent a new lease with the City of Bryan for Water Well #4, for a period of three years.
- i. Approved by common consent **Resolution No. 6-28-2007-2i** appointing Mayor Ben White as Emergency Management Director and reappointing Brian Hilton as the Emergency Management Coordinator.
- j. Approved by common consent the rejection of bid proposals received from Bid No. 07-73; and approving a bid award for the purchase of various electrical items maintained in inventory to Priester, Mell and Nicholson for \$29,745.00; KBS Electrical for \$98,514.00; Stuart C. Irby for \$11,103.20; Techline for \$507,262.85; TEC for \$7,575.00 and HD Supply for \$13,090.60 for total annual estimated expenditures of \$667,290.65. Bid No. 07-87.
- k. Approved by common consent **Resolution No. 6-28-2007-2k** by the City Council of the City of College Station, Texas, directing publication of notice of intention to issue certificates of obligation, series 2007; and providing an effective date.
- l. Approved by common consent purchase requests for FY'07, items exempt from competitive bidding as described more fully in Texas Local Government Code, Chapter 252.022; and other expenditures for interlocal contracts or fees mandated by state law.
- m. Approved by common consent the appointment of Mayor Ben White to represent the City of College Station on the Brazos Valley Council of Governments (BVCOG) Board of Directors.
- n. Approved by common consent minutes for the June 14, 2007 Council Workshop and Regular Meetings.

Regular Agenda Item No. 1 -- Public hearing, presentation, possible action, and discussion regarding the annual review of the Unified Development Ordinance (UDO) and the Comprehensive Plan, including recent UDO amendments, requested UDO amendments, and recent Comprehensive Plan amendments.

Director of Planning and Development Services Bob Cowell presented a staff report regarding annual review of the Unified Development Ordinance (UDO) and the Comprehensive Plan, including recent UDO amendments, requested UDO amendments, and recent Comprehensive Plan amendments. Mr. Cowell also discussed the requested Unified Development Ordinance amendments (attached signage and traffic impact analysis) and an updated Policy and Procedure Improvements made by the Planning staff in order to improve efficiency and performance.

Mayor White opened the public hearing. No one spoke. Mayor White closed the public hearing.

Council member Gay moved to retain the City of College Station current sign ordinance. Council member Massey seconded the motion, which carried unanimously, 6-0.

FOR: White, Massey, Gay, McIlhaney, Crompton, Ruesink
 AGAINST: None
 ABSENT: Scotti

Council member Crompton moved to approve the Traffic Impact Analysis at the zoning stage for the purpose of non-residential land use that generates greater than 1,000 trips per day. Council member Ruesink seconded the motion.

Council member Massey expressed support of the Traffic Impact Analysis at the time of zoning consideration; however, he recommended staff prescribe the technical level in which it should be implemented. Council Ruesink seconded the motion, which carried by a vote of 5-1.

FOR: White, Massey, McIlhaney, Crompton, Ruesink
 AGAINST: Gay
 ABSENT: Scotti

Regular Agenda Item No. 2 -- Presentation, discussion, and possible action on consideration of an ordinance amending Chapter 10, "Traffic Code," to restrict parking on portions of Mortier Avenue, Valley View Drive, and selected streets in the South Side area.

Director of Public Works Mark Smith described the proposed ordinance amending Chapter 10, "Traffic Code," to restrict parking on portions of Mortier Avenue, Valley View Drive, and selected streets in the South Side area. Mr. Smith pointed out that the residents of the proposed areas contacted the City of College Station about the difficulty of seeing approaching vehicles. The College Station Fire Department has expressed the desire to improve emergency vehicles access in the south side area by the removal of parking. Mr. Smith pointed out that the Traffic Management Team discussed the proposed parking removals at its April meeting and recommended parking be removed. Staff recommended approval of the ordinance amendment.

Mayor White read the citizens comment forms from Sandy Ragsdale, 306 Suffolk, Jeannette McCandless, 310 Suffolk, and Charles McCandless, 310 Suffolk, submission of support to the proposed ordinance restricting parking on Pershing Avenue.

Mayor White opened the public hearing. The following residents addressed the proposed parking restrictions.

Gaines West, 200 Suffolk
Katherine Edwards, 313 Pershing Avenue
Gordon Eaton, 201 Pershing Avenue
Scott Shafer, 117 Pershing Avenue
Jerry Cooper, 602 Bell Street
Glenn Wyant, 10606 Deer Run
C.D. Claycamp, 300 Lee Avenue

Mayor closed the public hearing.

Council member Massey moved to approve the proposed restricted parking on portions of Mortier Avenue. Council member Gay seconded the motion, which carried unanimously, 6-0.

FOR: White, Massey, Gay, McIlhane, Scotti, Ruesink
AGAINST: None
ABSENT: Scotti

Council member Massey moved to approve the proposed restricted parking on portions of Valley View Drive. Council member Gay seconded the motion, which carried unanimously, 6-0.

FOR: White, Massey, Gay, McIlhane, Scotti, Ruesink
AGAINST: None
ABSENT: Scotti

Council member Gay moved to approve the South Side Plan as presented by staff. Council member McIlhane seconded the motion which carried unanimously, 6-0.

FOR: White, Massey, Gay, McIlhane, Scotti, Ruesink
AGAINST: None
ABSENT: Scotti

Council members directed staff to work with the Oakwood Neighborhood Association to implement the plan they proposed with the modification of the two hour parking and implement the notification process of the effected properties. Council members expressed the urgency to place this item on a future City Council meeting.

AN ORDINANCE AMENDING CHAPTER 10, "TRAFFIC CODE", OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY AMENDING CERTAIN SECTIONS AS SET OUT BELOW; PROVIDING A SEVERABILITY CLAUSE; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

Council recessed for a short break at 8:37 p.m. and reconvened the regular meeting at 8:50 p.m.

Regular Agenda Item No. 3 -- Public hearing, presentation, possible action, and discussion on an ordinance rezoning 4.47 acres from R-1 Single Family Residential to A-O Agricultural Open at 450 Earl Rudder Freeway South, generally located north of University Drive on southbound Earl Rudder Freeway South at the City limit.

Staff Planner Crissy Hartl presented a proposed ordinance rezoning 4.47 acres from R-1 Single Family residential to A-O Agricultural Open at 450 Earl Rudder Freeway South, located north of University Drive on southbound Earl Rudder Freeway South at the City limit. The Planning and Zoning Commission and staff recommended approval of the proposed rezoning.

Mayor White opened the public hearing. Terry Barr from Mitchell & Morgan Engineers offered to answer questions of the City Council. Mayor White closed the public hearing.

Council member Massey to approve to approve **Ordinance No. 2983** rezoning 4.47 acres from R-1 Single Family Residential to A-O Agricultural Open at 450 Earl Rudder Freeway south, located north of University Drive on southbound Earl Rudder Freeway South at the City limit. Council member Ruesink seconded the motion, which carried unanimously, 6-0.

AN ORDINANCE AMENDING CHAPTER 12, "UNIFIED DEVELOPMENT ORDINANCE," SECTION 4.2, "OFFICIAL ZONING MAP," OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES AS DESCRIBED BELOW; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

FOR: White, Massey, Gay, McIlhaney, Crompton, Ruesink

AGAINST: None

ABSENT: Scotti

Regular Agenda Item No. 3 -- Public hearing, presentation, possible action, and discussion on an ordinance rezoning 44 acres from A-O Agricultural Open and R-4 Multi-Family to A-O Agricultural Open and R-4 Multi-Family for 1300 Harvey Mitchell Parkway South.

Staff Planner Lindsay Boyer illustrated factors pertaining to the proposed ordinance rezoning 44 acres from A-O Agricultural Open and R-4 Multi-Family to A-O Agricultural Open and R-4 Multi-Family for 1300 Harvey Mitchell Parkway South. The Planning and Zoning Commission recommended approval with the condition that staff agrees that the FEMA issues have been properly addressed by the applicant. Staff received the required data and the condition from the Planning and Zoning Commission was satisfied. Staff recommended approval.

Mayor White opened the public hearing. Mathew Zee, Dotson Associates, 5629 FM 1960 Houston, Texas, and Lane Griffith, Developer, Irving, Texas answered questions of the City Council. Mayor White closed the public hearing.

Council member Gay moved approve the rezoning request of 44 acres from A-O Agricultural Open and R-4 Multi-Family to A-O Agricultural Open and R-4 Multi-Family for 1300 Harvey Mitchell Parkway South. Council Massey seconded the motion, which *failed by a vote of 3-3*.

FOR: White, Gay, Massey

AGAINST: McIlhaney, Ruesink, Crompton

ABSENT: Scotti

Regular Agenda Item No. 4 -- Public hearing, presentation, possible action, and discussion on an ordinance amending the list of permitted uses included in the Planned Development District zoning for 24.48 acres located at 1906 FM 158, and more generally located east of the Crescent Pointe Subdivision on State Highway 30.

Senior Planner Jennifer Prochazka clarified the proposed ordinance amending the list of permitted uses included in the Planned Development District zoning for 24.48 acres located at 1906 FM 158, located east of the Crescent Pointe Subdivision on State Highway 30. The Planning and Zoning Commission and staff recommended approval.

Mayor White opened the public hearing. No one spoke. Mayor White closed the public hearing.

Council member Gay moved to approve **Ordinance No. 2984** amending the list of permitted uses included in the Planned Development District zoning for 24.48 acres located at 1906 FM 158, located east of the Crescent Pointe Subdivision on State Highway 30. Council member Ruesink seconded the motion, which carried unanimously, 5-1.

AN ORDINANCE AMENDING CHAPTER 12, "UNIFIED DEVELOPMENT ORDINANCE," SECTION 4.2, "OFFICIAL ZONING MAP," OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES AS DESCRIBED BELOW; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

FOR: White, Gay, McIlhaney, Crompton, Ruesink

AGAINST: Massey

ABSENT: Scotti

Regular Agenda Item No. 5 -- Public Hearing, presentation, possible action, and discussion approving an ordinance vacating and abandoning a 0.067 acre portion of a twenty (20) foot wide public utility easement, which is located across the northern half of Lot 5A, Block 1 of the Gateway Phase 1 Subdivision according to the plat recorded in Volume 4998, Page 262 of the Deed Records of Brazos County, Texas.

Senior City Engineer Alan Gibbs presented a brief overview of the ordinance vacating and abandoning a 0.067 acre portion of a twenty (20) foot wide public utility easement, which is located across the northern half of Lot 5A, Block 1 of the Gateway Phase 1 Subdivision according to the plat recorded in Volume 4998, Page 262 of the Deed Records of Brazos County, Texas.

Mayor White opened the public hearing. Natalie Ruiz, IPS Group, 511 University Drive #205, offered to answer questions of the City Council. Mayor White closed the public hearing.

Council member Gay moved to approve **Ordinance No. 2985** vacating and abandoning a 0.067 acre portion of a twenty (20) foot wide public utility easement, which is located across the

northern half of Lot 5A, Block 1 of the Gateway Phase 1 Subdivision according to the plat recorded in Volume 4998, Page 262 of the Deed Records of Brazos County, Texas. Council member Massey seconded the motion, which carried unanimously, 6-0.

AN ORDINANCE MAKING CERTAIN AFFIRMATIVE FINDINGS AND VACATING AND ABANDONING A 0.067 ACRE PROTION OF A TWENTY (20) FOOT WIDE PUBLIC UTILITY EASEMENT, SAID PROTION LYING ACROSS THE NORTHERN HALF OF LOT 5A, BLOCK 1, OF THE GATEWAY PHASE 1 SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN VOLUME 4998, PAGE 262 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS.

FOR: White, Massey, Gay, McIlhaney, Crompton, Ruesink
AGAINST: None
ABSENT: Scotti

Regular Agenda Item No. 6 -- The City Council may convene the executive session following the regular meeting to discuss matters posted on the executive session agenda for June 28, 2007.

Council concluded the executive session prior to the regular meeting.

Regular Agenda Item No. 7 -- Final action on executive session, if necessary

No action taken.

Regular Agenda Item No. 8 -- Adjourn.

Hearing no objections, Mayor White adjourned the meeting at 9:20 p.m. on Thursday, June 28, 2007.

PASSED and APPROVED this 12th day of July, 2007.

APPROVED:

Mayor Ben White

ATTEST:

City Secretary Connie Hooks

July 12, 2007
Regular Agenda
Public Hearing and Consideration of Budget Amendment #2

To: Glenn Brown, City Manager

From: Jeff Kersten, Chief Financial Officer

Agenda Caption: Public Hearing, possible action, and discussion on an ordinance Budget Amendment #2 amending ordinance number 2923 which will amend the budget for the 2006-2007 Fiscal Year and authorizing amended expenditures in the amount of \$4,428,586.

Recommendation(s): Staff recommends the City Council hold the public hearing on Budget Amendment #2, and approve the budget amendment ordinance.

Summary: The proposed budget amendment is to increase appropriations in the 2006-2007 budget by \$4,428,586. The charter of the City of College Station provides for the City Council to amend the annual budget in the event there are revenues available to cover increased expenditures and after holding a public hearing on such budget amendment. A number of items have been identified that need to be considered in a budget amendment. Attached is a list of the items in the proposed budget amendment.

Budget & Financial Summary: The City has resources or can reasonably expect resources to cover each of the appropriations in this budget amendment.

Attachments:

1. Budget Amendment #2 Detail List
2. Ordinance

Fiscal Year 2006-2007 Budget Amendment #2 Detail Listing

The proposed budget amendment is to increase the appropriations for the items listed below by \$4,428,586.

1. **Governor's Division of Emergency Management (GDEM) FY06 Homeland Security Grant - \$80,503:** This item is for the appropriation of resources for grants the City of College Station has been awarded. Two equipment grants were awarded through the GDEM. These grants are the State Homeland Security program grant in the amount of \$58,129 and the Law Enforcement Terrorism Prevention Program grant in the amount of \$22,374. The funds will be used by city departments to purchase equipment that will enhance the City's response capabilities to terrorist threats or incidents. This acceptance of these grants was approved by Council on October 23, 2006. The City will be reimbursed 100% of expenses. The grant funds will be available in the General Fund.
2. **PD Selective Traffic Enforcement Program (STEP) Grant - \$51,624:** This item is to appropriate funds for a grant received by the City of College Station's Police Department. The grant, administered by the Texas Department of Transportation, covers overtime and benefit costs for Officers addressing hazardous traffic violations at selected locations throughout the City. The funds for this item are available in the General Fund balance. The City will be reimbursed 75% of the total grant expense.
3. **Click It or Ticket Grant - \$6,500:**
This item is to appropriate funds for a grant received by the City of College Station's Police Department. The grant, administered by the Texas Department of Transportation, covers overtime and benefit costs for Officers conducting an occupant protection enforcement effort during the Memorial Holiday period of May 21, 2007 through June 3, 2007. The City will be reimbursed 100% of expenses. The funds for this item are available in the General Fund balance.
4. **Police Department Justice Assistance Grant (JAG) - \$3,432:** In FY06, the Police Department was awarded a grant by the Bureau of Justice Assistance in the amount of \$23,055.66 for youth and adolescent community outreach purposes. This includes the purchase of items such as child bicycle safety helmets, hand-held radios and digital cameras. This item is to appropriate to the FY07 budget the funds not spent or encumbered in FY06. The funds are available for this item in the General Fund.
5. **Governor's Division of Emergency Management (GDEM) FY05 Homeland Security/Law Enforcement Grant - \$93,270:** In FY06, the Police Department received a Homeland Security Grant in the amount of \$160,226 and a Law Enforcement Grant in the amount of \$196,419 from the GDEM. Of the total grant received, \$93,270 was not spent or encumbered in FY06. This amendment would allow for these funds to be spent in FY07. The funds are available in the General Fund balance.
6. **Low-Band AM Radio Station - \$95,000:** A contract for a low-band AM radio station was approved by Council on March 22, 2007. At that time it was indicated a budget amendment would be forthcoming to appropriate the funds for this expenditure. This item appropriates \$95,000 in the General Fund in the Information Technology Department out of which the expenditure will occur. Funds are available for this item in the General Fund balance.
7. **Fire Station #3 Relocation - \$991,000:** On April 26, 2007, Council approved an increase in the amount of \$991,000 to the project budget for the Fire Station #3 Relocation. These funds are needed to offset increased construction costs. This item will appropriate these funds for expenditure in the Facilities and Technology Capital Improvement Projects Fund. The additional funds will come from Certificates of Obligation to be issued in 2007.
8. **Memorial Cemetery Advertising - \$75,000:** This item will appropriate \$75,000 for the first year of anticipated advertising expenses. The funds for this item are available in the Facilities and Technology Capital Improvement Projects Fund and come from interest earnings in the Fund. It is anticipated that advertising in future years will be paid for using revenue generated by the Cemetery.

9. Wide Area Communications Grant Application: \$63,871

On January 11, 2007, Council approved the City's participation in joining with local entities in applying for a federal grant to implement a single interoperable radio system. The cost for the consultant is as follows: \$15,000 each for the Cities of College Station and Bryan, Texas A&M and Brazos County; and \$9,435.49 for Brenham and Washington County. Funds for the City of College Station's portion are budgeted in the Facilities and Technology Capital Improvement Projects Fund. The grant preparation payment to the consultant is being coordinated by the City of College Station. The other participating entities will reimburse the City for their portions. This item will provide appropriation for the expenditure that the City of College Station will be making up front on behalf of the other entities.

10. Electric Substation Transformer - \$1,200,000: This item is to appropriate \$1,200,000 for the purchase of a substation transformer to be used at the future Northgate Substation. Due to supply shortages and extended delivery times, this transformer must be ordered well in advance. Although it is not anticipated that the funds for this item will be expended until FY08, it is expected that the contract for the transformer will be entered into in FY07. This item will appropriate the budget for the purchase of the transformer to the Electric Capital Improvement Projects Fund.

11. Church Street Rehabilitation - \$887,063: This item is to appropriate additional funds for the Church Street Rehabilitation project. These funds are needed to offset increased construction costs. This item will appropriate these funds for expenditure in the Streets Capital Improvement Projects Fund. The additional funds will come from Northgate Rehabilitation money originally authorized in the 2004 GOB. These funds are currently projected for expenditure in FY08, and this amendment will move the appropriation forward to FY07.

12. TxDOT Right of Way Payment - \$219,354: This item is to appropriate a portion of a payment due to TxDOT by August 31, 2007 for the City's portion right-of-way costs on the State HW40 project, the Texas Avenue Widening project and the FM2154 project. A total of \$428,353.91 is due to TxDOT. It is anticipated that \$210,000 will be transferred from the Jones-Butler Street Extension project upon its completion. This project is anticipated to come in under budget. The funds for this item are available in the Streets Capital Improvement Projects Fund and come from interest earnings in the Fund. TxDOT has indicated that the ROW acquisition is still on-going for the Texas Ave Widening project and FM2154 project, so additional funds may be requested by TxDOT in the future.

13. Southern Breeze Drive Letter of Credit - \$25,000: In Spring of 2007, a letter of credit in the amount of \$25,000 was drawn for the completion of Southern Breeze Drive within Southern Trace Subdivision. The letter of credit was drawn when a private developer defaulted on the construction of this road. The road will be completed by the City of College Station. This item will appropriate for expenditure in the Streets Capital Improvement Projects Fund, the funds received through the letter of credit.

14. John Crompton Park Phase II - \$255,000: This item is to appropriate to the Zone 7 Parkland Dedication Fund an additional \$255,000. Funds in the amount of \$8,000 are currently appropriated for FY07. However, the project is anticipated to begin sooner than expected and the total \$263,000 appropriation will be needed in FY07. These funds are currently projected for expenditure in FY08, and this amendment will move the appropriation forward to FY07.

15. Northgate Spruce Street Park - \$54,969: On March 8, 2007, Council approved real estate contract in the amount of \$261,106.50 for the purchase of property located in the Northgate area at 306 Spruce Street for use as a neighborhood park. The real estate contract exceeded the funds appropriated for FY07 in the Zone 1 Parkland Dedication Fund by \$54,969. This item will appropriate the balance of the budget for the land purchase. These funds are available in the Zone 1 Parkland Dedication Fund.

16. New Forestry Shop - \$160,000: This item is to appropriate to the Parks Capital Improvement Projects Fund an additional \$160,000 for the New Forestry Shop project. These funds are needed to offset increased construction costs. The construction contract for the New Forestry Shop went to Council on May 24, 2007. The additional funds will come from the Central Park Shop Renovation project that was

planned for FY08. The New Forestry Shop has been determined to be a higher priority project and that the Central Park Shop can continue to function without significant renovation. These funds are currently projected for expenditure in FY08, and this amendment will move the appropriation forward to FY07.

- 17. Sanitation Disposal Fee Increase - \$167,000:** This item will amend the FY07 budget to account for unanticipated disposal fee increases. This increase in disposal fees is due to an FY07 increase in the landfill tipping fee. Based on year end estimates, Sanitation will need an increase of \$84,000 in Residential Collection and an increase of \$83,000 in Commercial Collection. These funds are available in the Sanitation Fund balance.

ORDINANCE NO. _____

AN ORDINANCE (BUDGET AMENDMENT 2) AMENDING ORDINANCE NUMBER 2923 WHICH WILL AMEND THE BUDGET FOR THE 2006-2007 FISCAL YEAR AND AUTHORIZING AMENDED EXPENDITURES AS THEREIN PROVIDED.

WHEREAS, the City Council of the City of College Station, Texas, approved its Budget Ordinance for the 2006-2007 Fiscal Year on September 14, 2006; and

WHEREAS, the City Council of the City of College Station, Texas, desires to amend the approved Budget Ordinance; and

WHEREAS, this amendment was prepared and presented to the City Council and a public hearing held thereon as prescribed by law and the Charter of the City of College Station, Texas, after notice of said hearing having been first duly given; now, therefore,

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

Part 1: That Part 1 of the Budget Ordinance for the 2006-2007 Fiscal Year is amended to read as follows:

"PART 1: That the proposed budget as amended by the City Council of the City of College Station, which is made a part hereof to the same extent as if set forth at length herein, is hereby adopted and approved, a copy of which is on file in the Office of the City Secretary in College Station Texas. Amended appropriations for fiscal year 2006-2007 for the General Fund are \$46,389,072, for the Streets Capital Improvement Projects Fund are \$10,166,819, for the Parks Capital Improvement Projects Fund are \$1,888,922, for the General Government Facilities and Technology Capital Improvement Projects Fund are \$8,721,101, for the Sanitation Fund are \$6,534,651, for the Electric Capital Improvement Projects Fund are \$11,737,765, and for Parkland Dedication Funds are \$1,397,510. All other appropriations as originally adopted and amended by the City Council remain in full force and effect."

Part 2: That this ordinance shall become effective immediately after passage and approval.

PASSED and APPROVED this _____ day of _____ 2007.

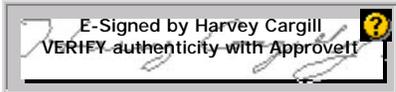
ATTEST:

APPROVED:

Connie Hooks, City Secretary

Ben White, Mayor

APPROVED:



City Attorney

July 12, 2007
Regular Agenda
246 & 248 Southwest Parkway East Easement Abandonment

To: Glenn Brown, City Manager

From: Mark Smith, Director of Public Works

Agenda Caption: Public Hearing, presentation, possible action, and discussion approving an ordinance vacating and abandoning a 1259 square foot portion of a fifteen (15) foot wide public utility easement, which is located along the common property line of Lot 8D & 8E of Block D of the Ashford Square Subdivision according to the plat recorded in Volume 4354, Page 162 of the Deed Records of Brazos County, Texas.

Recommendation(s): Staff recommends approval of the ordinance.

Summary: The easement proposed to be abandoned is a 1259 square foot portion of a fifteen (15) foot wide public utility easement, which is located along the common property line of Lot 8D & 8E of Block D of the Ashford Square Subdivision. There is no infrastructure in this easement to be abandoned.

Budget & Financial Summary: N/A

Attachments:

1. Exhibit 1 - Vicinity Map
2. Exhibit 2 – PUE Abandonment Location
3. Exhibit 3 - Ordinance
4. Exhibit 4 - Ordinance Exhibit "A"
5. Exhibit 5 - Application for Abandonment

**246 & 248 Southwest
Parkway East**

Vicinity Map

1 inch equals 200 feet





PUE Abandonment



OAK FOREST MHP

ORDINANCE NO. _____

AN ORDINANCE MAKING CERTAIN AFFIRMATIVE FINDINGS AND VACATING AND ABANDONING A 1259 SQUARE FOOT PORTION OF THE FIFTEEN (15) FOOT WIDE PUBLIC UTILITY EASEMENT, SAID PORTION LYING ALONG LOTS 8D & 8E, BLOCK D, OF THE ASHFORD SQUARE SUBDIVISION, ACCORDING TO THE PLAT RECORDED IN VOLUME 4354, PAGE 162 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS.

WHEREAS, the City of College Station, Texas, has received an application for the vacation and abandonment of a portion of the fifteen (15) foot wide public utility easement, said portion lying along Lots 8D & 8E, Block D, of the Ashford Square Subdivision, according to the plat recorded in Volume 4354, Page 162, of the Official Records of Brazos County, Texas, as described in Exhibit "A" attached hereto (such portion hereinafter referred to as the "Easement"); and

WHEREAS, in order for the Easement to be vacated and abandoned by the City Council of the City of College Station, Texas, the City Council must make certain affirmative findings; now therefore,

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

PART 1: That after opening and closing a public hearing, the City Council finds the following pertaining to the vacating and abandoning of the Easement described in Exhibit "A" attached hereto and made a part of this ordinance for all purposes.

1. Abandonment of the Easement will not result in property that does not have access to public roadways or utilities.
2. There is no public need or use for the Easement.
3. There is no anticipated future public need or use for the Easement.
4. Abandonment of the Easement will not impact access for all public utilities to serve current and future customers.

PART 2: That the Easement as described in Exhibit "A" be abandoned and vacated by the City.

ORDINANCE NO. _____

Page 2

PASSED, ADOPTED and APPROVED this _____ day of _____, 2006.

APPROVED:

Mayor

ATTEST:

City Secretary

APPROVED:

E-Signed by Carla A. Robinson
VERIFY authenticity with Approver

City Attorney

A

GALINDO ENGINEERS AND PLANNERS, INC.

3833 South Texas Ave., Suite 213 Bryan, Texas 77802 (979) 846-8868

1-0727

COMMON AREA AND PUE

1,259 SQ. FT.

LOTS 8D AND 8E, BLOCK D
 REPLAT OF LOT 8, BLOCK D
 ASHFORD SQUARE
 COLLEGE STATION, TEXAS

Being a **1,259-sq. ft.** tract or parcel of land lying and being a part of Lots 8D and 8E, Block D, Replat of Lot 8, Block D, Ashford Square, as shown on the plat thereof recorded in Volume 4354, Page 162, Official Records, Brazos County, Texas, and said **1,259-sq. ft.** tract being more particularly described as follows:

Commencing at a mark on concrete found marking the westernmost corner of Lot 8E and the northernmost corner of Lot 8D, Block D, of the above referenced Replat;

THENCE S 45°22'46" E, along the common boundary line of said Lots 8E and 8D, for a distance of 47.00' to the **POINT OF BEGINNING**;

THENCE N 44°37'14" E, through Lot 8E for a distance of 7.50';

THENCE S 45°22'46" E, continuing through Lot 8E, for a distance of 83.95';

THENCE S 44°58'10" W, continuing through Lot 8E and through Lot 8D, for a distance of 15.00';

THENCE N 45°22'46" W, continuing through Lot 8D, for a distance of 83.86';

THENCE N 44°37'14" E, continuing through Lot 8D, for a distance of 7.50' to the **POINT OF BEGINNING**, containing **1,259 sq. ft.** of land, more or less.

Note: Bearings were obtained from the plat recorded in Volume 4354, Page 162, Official Records, Brazos County, Texas.



Christian A. Galindo, P.E. # 53425, R.P.L.S. # 4473
 June 7, 2007





For Office Use Only
 P&Z Case No. 07-120
 Date Submitted: 5-15-07

12.10
60

ABANDONMENT OF PUBLIC ROW-OF-WAY/EASEMENT APPLICATION

MINIMUM SUBMITTAL REQUIREMENTS

\$300.00 Abandonment of Public Right-of-Way (ROW)/Easement application fee.

A completed copy of the attached Abandonment of Public ROW/Easement application.

All exhibits processed (except for Exhibit No. 4, which will be processed by staff).

A completed copy of the Easement Dedication Sheet application with all requirements.

ADDRESS ^{246 *} 248 Southwest Parkway East College Station, TX 77840

LEGAL DESCRIPTION Ashford Square, Block D, Lot 8E, Lot 8D

APPLICANT (Primary Contact for the Project):

Name Larry Marriott E-Mail _____
 Street Address 209 Rock Prairie Rd.
 City College Station State TX Zip Code 77845
 Phone Number 696-1787 Fax Number _____

PROPERTY OWNER'S INFORMATION (if different from above):

Name Herbert Booker E-Mail h1b1015@yahoo.com
 Street Address 1400 Harpers Ferry Rd.
 City College Station State TX Zip Code 77845
 Phone Number 979-676-2129 Fax Number _____

The applicant has prepared this application and certifies that the facts stated herein and exhibits attached hereto are true and correct.

Herbert Booker
 Signature of Owner

5-3-07
 Date

**APPLICATION FOR
THE ABANDONMENT OF A
PUBLIC RIGHT-OF-WAY/EASEMENT**

Date: 5-3-07

Location of Right-of-Way/Easement to be Abandoned: 246 d
248 Southwest Parkway
East College Station, TX 77840 Ashford Square Addition

Property Owner's Name & Address: Herbert Booker
1400 Harpers Ferry Rd. College Station, TX 77845

Property Owner's Phone Number: 979-676-2129

TO THE MAYOR AND CITY COUNCIL OF THE CITY OF COLLEGE STATION:

The undersigned hereby makes application for the abandonment of that portion of the above right-of-way particularly described in Exhibit No. 1, attached. In support of this application, the undersigned represents and warrants the following:

1. The undersigned will hold the City of College Station harmless, and indemnify it against all suits, costs, expenses, and damages that may arise or grow out of such abandonment.
2. Attached, marked Exhibit No. 1, are two sealed metes and bounds descriptions (dividing the area in half) of the area sought to be abandoned, prepared by a Registered Public Surveyor.
3. Attached, marked Exhibit No. 2, are two copies of a plat or detailed sketch of that portion of the public right-of-way/easement sought to be abandoned and the surrounding area to the nearest streets in all directions, showing the abutting lots and block, and the subdivision in which the above described right-of-way/easement is situated, together with the record owners of such lots.
4. Attached, marked Exhibit No. 3, is the consent of all public utilities to the abandonment.
5. Attached, marked Exhibit No. 4, is the consent of the City of College Station staff to the abandonment.
6. Attached, marked Exhibit No. 5, is the consent of all the abutting property owners, except the following: (if none, so state)

NONE

7. Such public right-of-way/easement should be abandoned because:

Room Addition will cross the easement.

8. Such public right-of-way/easement has been and is being used as follows:

Golden Keys Learning Center playground area

I swear that all of the information contained in this application is true and correct to the best of my knowledge and belief.

Owner's Signature: Herbert Booker Herbert Booker

Owner's Name: Herbert Booker

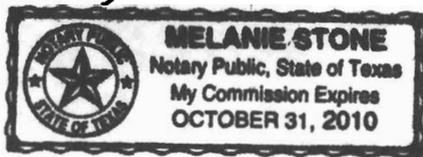
Owner's Address: 1400 Harpers Ferry Rd
College Station, TX 77845

Owner's Phone Number: 979-676-2129

STATE OF TEXAS }
COUNTY OF BRAZOS }

ACKNOWLEDGMENT

Subscribed and sworn to before me, a Notary Public, this 15 day of May, 2007, by Melanie Stone



Melanie Stone
Notary Public in and for
the State of Texas

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East BLD, Lot 8D & 8E

EXHIBIT NO. 1

Attached are two sealed copies of the metes and bounds description (dividing the area in half) of the public right-of-way/easement situated in Ashford Square Addition/Subdivision to the City of College Station, Brazos County, Texas, sought to be abandoned.

GALINDO ENGINEERS AND PLANNERS, INC.

3833 South Texas Ave., Suite 213 Bryan, Texas 77802 (979) 846-8868

1-0727

COMMON AREA AND PUE
1,259 SQ. FT.
LOTS 8D AND 8E, BLOCK D
REPLAT OF LOT 8, BLOCK D
ASHFORD SQUARE
COLLEGE STATION, TEXAS

Being a **1,259-sq. ft.** tract or parcel of land lying and being a part of Lots 8D and 8E, Block D, Replat of Lot 8, Block D, Ashford Square, as shown on the plat thereof recorded in Volume 4354, Page 162, Official Records, Brazos County, Texas, and said **1,259-sq. ft.** tract being more particularly described as follows:

Commencing at a mark on concrete found marking the westernmost corner of Lot 8E and the northernmost corner of Lot 8D, Block D, of the above referenced Replat;

THENCE S 45°22'46" E, along the common boundary line of said Lots 8E and 8D, for a distance of 47.00' to the **POINT OF BEGINNING**;

THENCE N 44°37'14" E, through Lot 8E for a distance of 7.50';

THENCE S 45°22'46" E, continuing through Lot 8E, for a distance of 83.95';

THENCE S 44°58'10" W, continuing through Lot 8E and through Lot 8D, for a distance of 15.00';

THENCE N 45°22'46" W, continuing through Lot 8D, for a distance of 83.86';

THENCE N 44°37'14" E, continuing through Lot 8D, for a distance of 7.50' to the **POINT OF BEGINNING**, containing **1,259 sq. ft.** of land, more or less.

Note: Bearings were obtained from the plat recorded in Volume 4354, Page 162, Official Records, Brazos County, Texas.



Christian A. Galindo, P.E. # 53425, R.P.L.S. # 4473
June 7, 2007



Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East Bl. D Lot 8D & 8E

EXHIBIT NO. 2

Attached are two copies of a plat or detailed sketch of the public right-of-way/easement sought to be abandoned in the above-mentioned application, showing the surrounding area to the nearest streets in all directions, abutting lots, the block or blocks in which the portion of the public right-of-way/easement sought to be vacated is situated, and the addition or subdivision in which the portion of the public right-of-way/easement sought to be abandoned is situated. Also, the names of record owners of the abutting lots are shown.

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East BLD, Lot 8 D & 8 E

EXHIBIT NO. 3

The undersigned public utility companies, using or entitled to use, under the terms and provisions of our respective franchises with the City of College Station, that portion of the public right-of-way/utility easement sought to be abandoned in the Application for Abandonment above referred to, do hereby consent to the abandonment of the described portion thereof.

TXU GAS COMPANY

BY: See Attachments next page.
Title _____

VERIZON TELEPHONE COMPANY

BY: _____
Title _____

SuddenLink
COX COMMUNICATIONS

BY: 11
Title _____

BRYAN TEXAS UTILITIES

BY: 11
Title _____

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East BLD, Lot R D & 9E

EXHIBIT NO. 3

The undersigned public utility companies, using or entitled to use, under the terms and provisions of our respective franchises with the City of College Station, that portion of the public right-of-way/utility easement sought to be abandoned in the Application for Abandonment above referred to, do hereby consent to the abandonment of the described portion thereof.

TXU GAS COMPANY

BY: [Signature]
Title Engineer

VERIZON TELEPHONE COMPANY

BY: _____
Title _____

SuddenLink
COX COMMUNICATIONS

BY: _____
Title _____

BRYAN TEXAS UTILITIES

BY: _____
Title _____

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East BLD, Lot 8.D & 8E

EXHIBIT NO. 3

The undersigned public utility companies, using or entitled to use, under the terms and provisions of our respective franchises with the City of College Station, that portion of the public right-of-way/utility easement sought to be abandoned in the Application for Abandonment above referred to, do hereby consent to the abandonment of the described portion thereof.

TXU GAS COMPANY

BY: _____
Title _____

VERIZON TELEPHONE COMPANY

BY: Bob Vajdak
Title Network Engn Supervisor

SuddenLink
COX COMMUNICATIONS

BY: _____
Title _____

BRYAN TEXAS UTILITIES

BY: _____
Title _____

**Application for Abandonment of
a Public Right-of-Way/Easement**

Located: 246 & 248 Southwest Parkway East BLD, Lot R.D. & 8E

EXHIBIT NO. 3

The undersigned public utility companies, using or entitled to use, under the terms and provisions of our respective franchises with the City of College Station, that portion of the public right-of-way/utility easement sought to be abandoned in the Application for Abandonment above referred to, do hereby consent to the abandonment of the described portion thereof.

TXU GAS COMPANY

BY: _____
Title _____

VERIZON TELEPHONE COMPANY

BY: _____
Title _____

**SuddenLink
COX COMMUNICATIONS**

BY: Michael [Signature]
Title Plant Manager

BRYAN TEXAS UTILITIES

BY: _____
Title _____

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East B.L.N. Lot R.D. & SE

EXHIBIT NO. 3

The undersigned public utility companies, using or entitled to use, under the terms and provisions of our respective franchises with the City of College Station, that portion of the public right-of-way/utility easement sought to be abandoned in the Application for Abandonment above referred to, do hereby consent to the abandonment of the described portion thereof.

TXU GAS COMPANY

BY: _____
Title _____

VERIZON TELEPHONE COMPANY

BY: _____
Title _____

**SuddenLink
COX COMMUNICATIONS**

BY: _____
Title _____

BRYAN TEXAS UTILITIES

BY: [Signature]
Title Sr. Elect Engineer

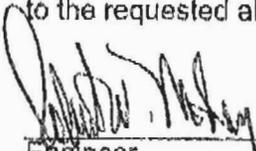
This area is not within BTU's service territory. BTU abstains from approving or denying the abandonment.

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East BLD, Lot RD 2 & E

EXHIBIT NO. 4

The undersigned, City staff of the City of College Station, certify that they have carefully considered the Application for Abandonment of the public right-of-way/easement referred to above from the standpoint of City of College Station ordinances and with respect to present and future needs of the City of College Station and see no objection to the requested abandonment from the City's standpoint.



Engineer
City of College Station

Building Official
City of College Station

City

Zoning Official
City of College Station

Fire Marshal
City of College Station

Director of Public Utilities
City of College Station

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 + 248 Southwest Parkway East R.L.D., Lot 8D & 8E

EXHIBIT NO. 4

The undersigned, City staff of the City of College Station, certify that they have carefully considered the Application for Abandonment of the public right-of-way/easement referred to above from the standpoint of City of College Station ordinances and with respect to present and future needs of the City of College Station and see no objection to the requested abandonment from the City's standpoint.

Engineer
City of College Station

Building Official
City of College Station

Zoning Official
City of College Station



Fire Marshal
City of College Station

Director of Public Utilities
City of College Station

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 + 248 Southwest Parkway East R.L.D. Lot RD 2 RF

EXHIBIT NO. 4

The undersigned, City staff of the City of College Station, certify that they have carefully considered the Application for Abandonment of the public right-of-way/easement referred to above from the standpoint of City of College Station ordinances and with respect to present and future needs of the City of College Station and see no objection to the requested abandonment from the City's standpoint.

Engineer
City of College Station

Building Official
City of College Station

Zoning Official
City of College Station

Fire Marshal
City of College Station

Phelan Water Services

Director of Public Utilities
City of College Station. 19 Jun 07

Tony Michalsky

CSU Electric
5/21/07

Post-it® Fax Note	7671	Date	5/21/07	# of pages	1
To	Brittany K	From	Tony M		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	3496	Fax #			

Application for Abandonment of
a Public Right-of-Way/Easement

Located: 246 & 248 Southwest Parkway East Bl. D, Lot 8D & 8E

EXHIBIT NO. 5

The undersigned, owners of property abutting upon that portion of the public right-of-way/easement named and described in the Application for Abandonment of a Public Right-of-Way/Easement referred to above, do hereby consent to such abandonment.

NAME: Herbert Booker

ADDRESS: 1700 Harpers Ferry Rd.
College Station, TX 77845

NAME: _____

ADDRESS: _____

NAME: _____

ADDRESS: _____

NAME: _____

ADDRESS: _____

July 12, 2007
Regular Agenda Item
Ringer Library Expansion Recommendations

To: Glenn Brown, City Manager

From: Steve Beachy, Director of Parks and Recreation

Agenda Caption: Presentation, possible action, and discussion regarding the need to expand the Larry J. Ringer Library to meet current and future needs in the community.

Recommendation(s): To receive the report and provide direction to staff. The staff also recommends this project for discussion and consideration for the next capital improvement program.

Summary:

It is the hope of the Bryan College Station Library Advisory Board that this issue will be included in a future capital improvement program. By current library standards, the existing facility is not large enough to meet the needs of our expanding population. The BCS Library Board unanimously voted in February of 2007 to present this proposed expansion concept to the College Station City Council during a workshop session at a date in the near future. The attached Power Point presentation has been viewed by the Library Board and "Option D" is the preferred project scope.

Budget & Financial Summary:

Option D has a total estimated project cost of approximately \$6,000,000 (2007 construction figures). It should be noted that construction cost increased 35.2% from 2003 to 2006. It is anticipated that these cost will continue to increase in the future. These estimates were prepared by Hidell Architects.

The annual operation and maintenance for the existing library is approximately \$950,604. No estimate has been prepared for the operational costs of the proposed expansion.

Attachments:

Ringer Library Expansion presentation - Hidell Architects

Ringer Library Expansion Recommendations

**City Council Workshop
July 12, 2007**

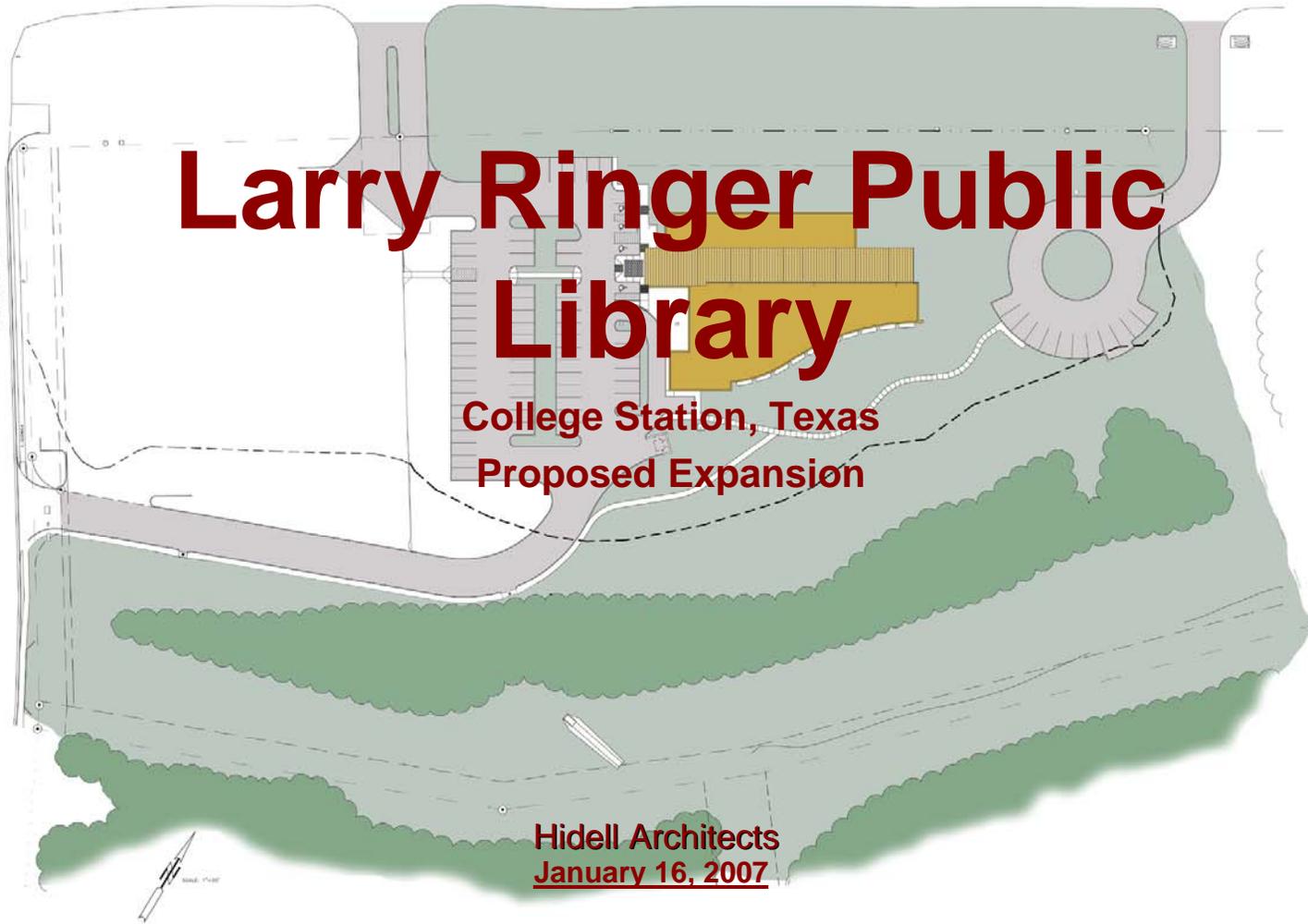
FM 2818

WELSH STREET

Larry Ringer Public Library

College Station, Texas
Proposed Expansion

Hidell Architects
January 16, 2007



EXISTING SITE & BLDG. CONFIGURATION

BUILDING

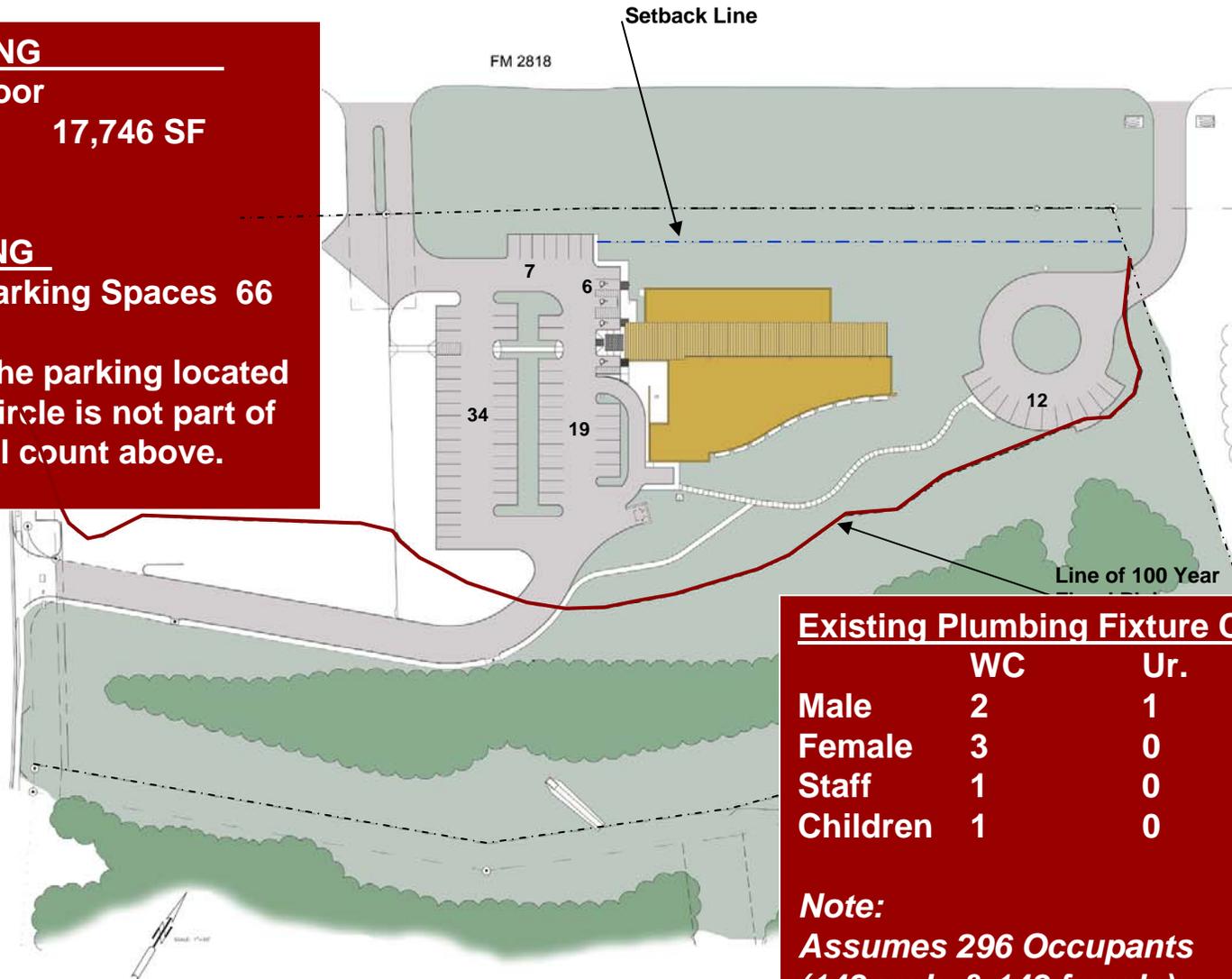
First Floor

17,746 SF

PARKING

Total Parking Spaces 66

Note: The parking located at the circle is not part of the total count above.



Existing Plumbing Fixture Count

	WC	Ur.	Lav
Male	2	1	2
Female	3	0	2
Staff	1	0	1
Children	1	0	1

Note:

*Assumes 296 Occupants
(148 male & 148 female)*

EXISTING SITE w/ EXPANSION 1 (Option A)

BUILDING

First Floor 17,746 SF
Expansion 7,653 SF

Total 25,399 SF

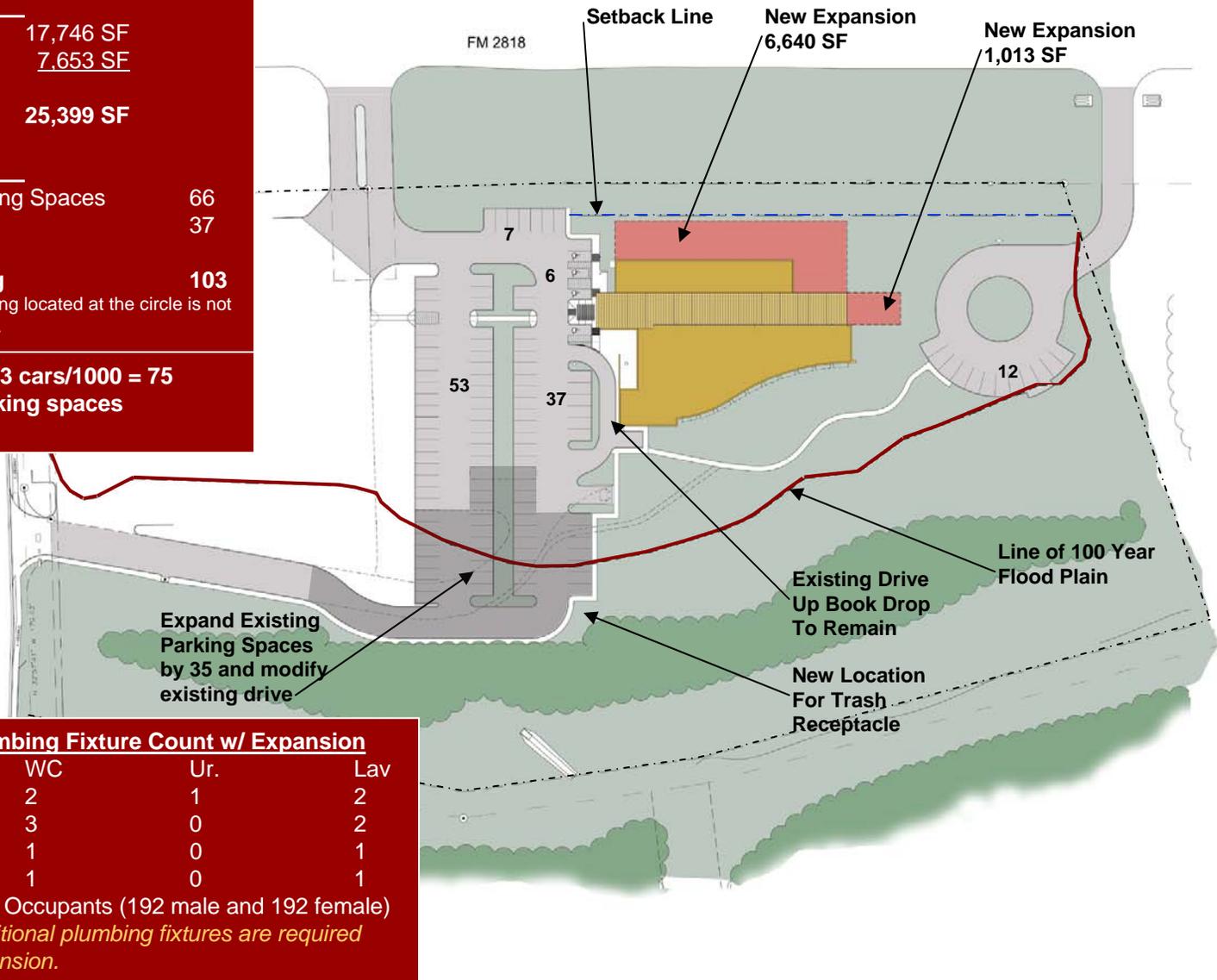
PARKING

Existing Parking Spaces 66
New Parking 37

Total Parking 103

* Note: The parking located at the circle is not part of this count.

25,399 SF @ 3 cars/1000 = 75 required parking spaces



Existing Plumbing Fixture Count w/ Expansion

	WC	Ur.	Lav
Male	2	1	2
Female	3	0	2
Staff	1	0	1
Children	1	0	1

Assumes 383 Occupants (192 male and 192 female)

Note: No additional plumbing fixtures are required with this expansion.

EXISTING SITE w/ Expansion 1 and 2 (Option B)

BUILDING

First Floor	17,746 SF
Expansion 1	7,653 SF
Expansion 2	7,481 SF

Total 32,880 SF

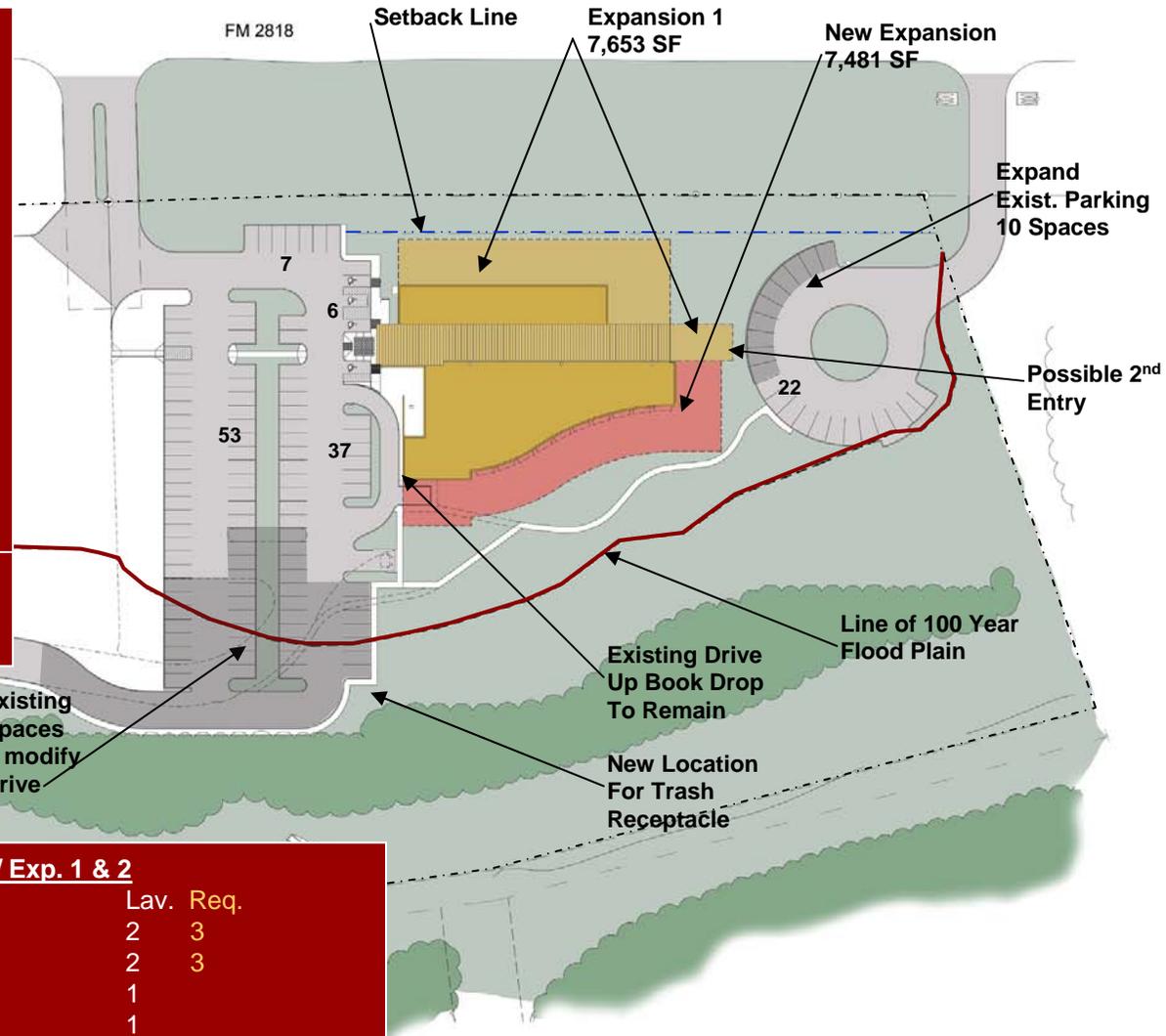
PARKING

Existing Parking Spaces	66
New Parking	37
Existing Parking at Circle	12
New Parking at Circle	10*

Total Parking 125

* Note: The parking located at the circle is not required for this expansion.

32,880 SF @ 3 cars/1000 = 99 required parking spaces



Existing Plumbing Fixture Count w/ Exp. 1 & 2

	WC	Req.	Ur.	Lav.	Req.
Male	2		1	2	3
Female	3	4	0	2	3
Staff	1		0	1	
Children	1		0	1	

Assumes 480 Occupants (240 male and 240 female)

Note: Additional plumbing fixtures are required with this expansion.

EXISTING SITE w/ EXPANSION 1 and 2A (Option C)

BUILDING

First Floor	17,746 SF
Expansion 1	7,653 SF
Expansion 2A	13,182 SF

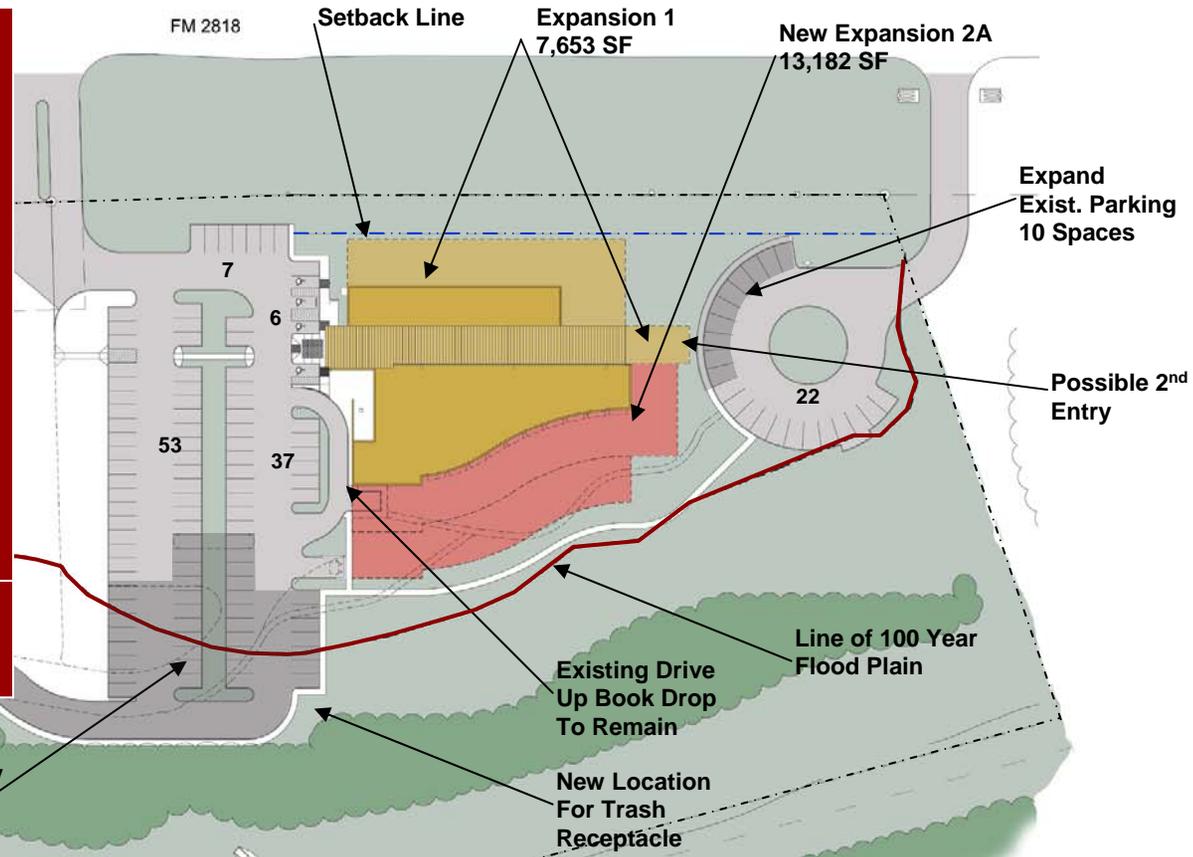
Total 38,581 SF

PARKING

Existing Parking Spaces	66
New Parking	37
Existing Parking at Circle	12
New Parking at Circle	10*
Total Parking	125

* Note: The parking located at the circle IS required for this expansion.

38,581 SF @ 3 cars/1000 = 115.5 required parking spaces



Existing Plumbing Fixture Count w/ Exp. 1 & 2A

	WC	Req.	Ur.	Lav.	Req.
Male	2		1	2	3
Female	3	4	0	2	3
Staff	1		0	1	
Children	1		0	1	

Assumes 558 Occupants (279 male and 279 female)

Note: Additional plumbing fixtures are required with this expansion.

EXISTING SITE w/ EXPANSION (Option D)

BUILDING

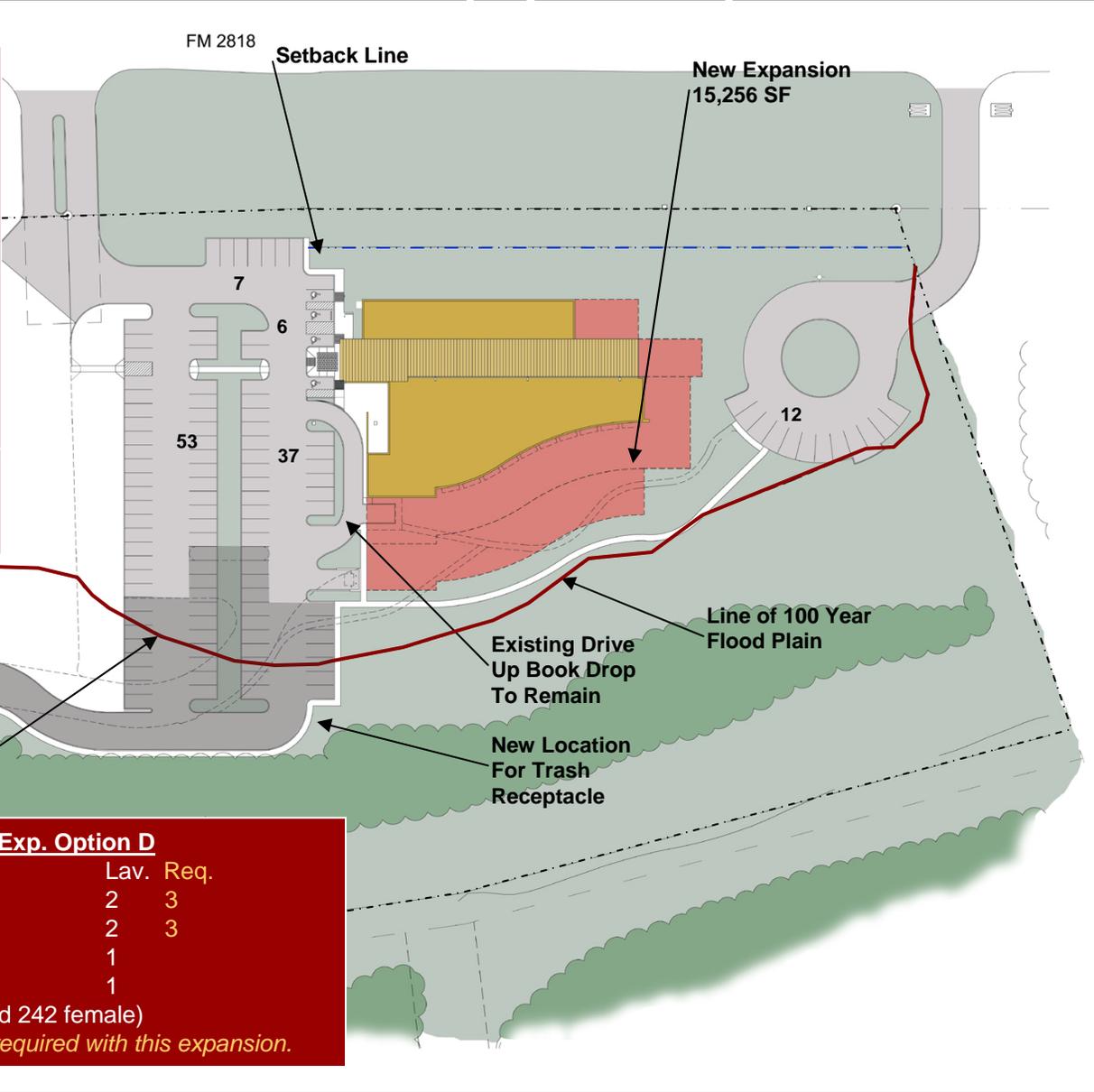
First Floor	17,746 SF
Expansion	15,256 SF
Total	33,002 SF

PARKING

Existing Parking Spaces	66
New Parking	37
Total Parking	103

* Note: The parking located at the circle is not part of this count.

33,002 SF @ 3 cars/1000 = 99 required parking spaces



Existing Plumbing Fixture Count w/ Exp. Option D

	WC	Req.	Ur.	Lav.	Req.
Male	2		1	2	3
Female	3	4	0	2	3
Staff	1		0	1	
Children	1		0	1	

Assumes 483 Occupants (242 male and 242 female)
Note: Additional plumbing fixtures are required with this expansion.

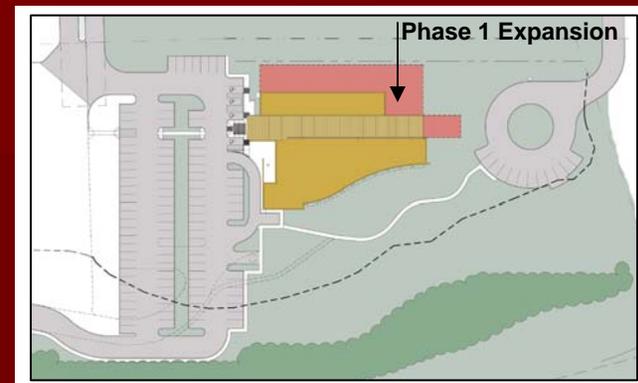
RECOMMENDATIONS

PHASE ONE – OPTION A

EXPAND THE COLLEGE STATION PUBLIC LIBRARY

■ New construction cost	7,653 sq. ft. at \$225 per sq. ft.	\$1,721,925
■ Renovation cost	8,873 sq. ft. at \$100 per sq. ft.	887,300
■ Landscape cost	Allowance	25,000
■ Parking cost	16,185 sq. ft. at \$5.5 per sq. ft.	89,018
■ Library furnishings (new addition)	7,653 sq. ft. at \$25 per sq. ft.	191,325
■ Library furnishings (renovation)	? sq. ft. at \$18 per sq. ft.	0
Subtotal.....		\$2,914,568
Project Contingency	10%	291,457
Professional Fees	10%	291,457
Total project cost (2007 cost)		\$3,497,482

Note: 10-12% Escalation Factor Increase for 2008
(\$349,748 – 419,698)



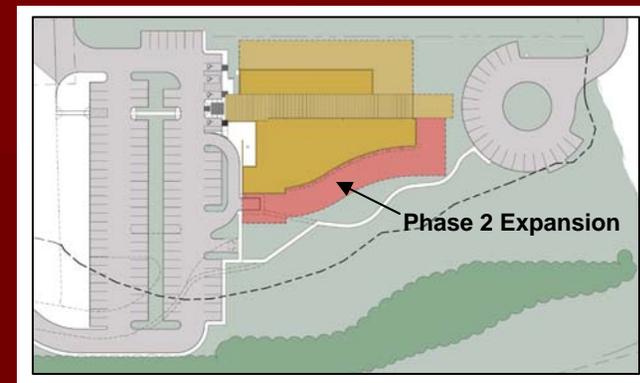
RECOMMENDATIONS

PHASE TWO – OPTION A

EXPAND THE COLLEGE STATION PUBLIC LIBRARY

■ New construction cost	7,481 sq. ft. at \$225 per sq. ft.	\$1,683,225
■ Renovation cost	8,873 sq. ft. at \$100 per sq. ft.	887,300
■ Landscape cost	Allowance	25,000
■ Parking cost	16,185 sq. ft. at \$5.5 per sq. ft.	89,018
■ Library furnishings (new addition)	7,481 sq. ft. at \$25 per sq. ft.	187,025
■ Library furnishings (renovation)	? sq. ft. at \$18 per sq. ft.	0
Subtotal.....		\$2,871,568
Project Contingency	10%	287,157
Professional Fees	10%	287,157
Total project cost (2007 cost)		\$3,445,882

Note: 10-12% Escalation Factor Increase for 2008
(\$344,588 – 413,506)



RECOMMENDATIONS

PHASE ONE and TWO at Same Time - OPTION B EXPAND THE COLLEGE STATION PUBLIC LIBRARY

■ New construction cost	15,134 sq. ft. at \$225 per sq. ft.	\$3,405,150
■ Renovation cost	8,873 sq. ft. at \$100 per sq. ft.	887,300
■ Landscape cost	Allowance	25,000
■ Parking cost	16,185 sq. ft. at \$5.5 per sq. ft.	89,018
■ Library furnishings (new addition)	15,134 sq. ft. at \$25 per sq. ft.	378,350
■ Library furnishings (renovation)	? sq. ft. at \$18 per sq. ft.	0

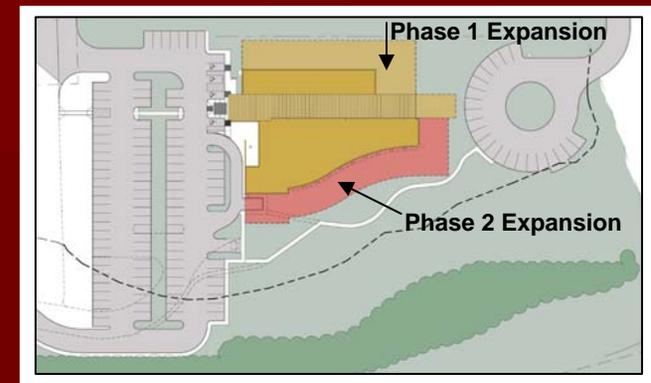
Subtotal.....\$4,784,818

Project Contingency 10% 478,482

Professional Fees 10% 478,482

Total project cost (2007 cost) \$5,741,782

Note: 10-12% Escalation Factor Increase for 2008
(\$574,178 – 689,014)



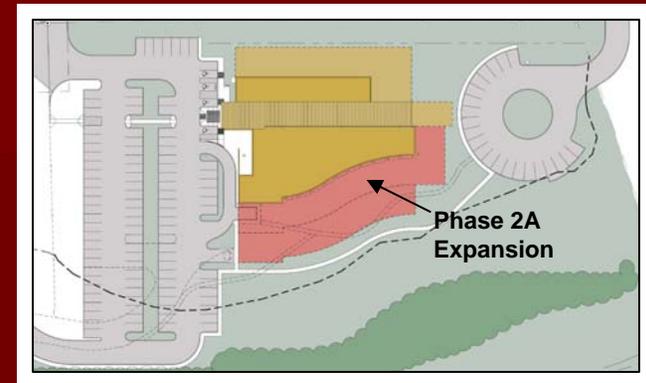
RECOMMENDATIONS

PHASE 2A – OPTION C

EXPAND THE COLLEGE STATION PUBLIC LIBRARY

■ New construction cost	13,182 sq. ft. at \$225 per sq. ft.	\$2,965,950
■ Renovation cost	8,873 sq. ft. at \$100 per sq. ft.	887,300
■ Landscape cost	Allowance	25,000
■ Parking cost	18,110 sq. ft. at \$5.5 per sq. ft.	99,605
■ Library furnishings (new addition)	13,182 sq. ft. at \$25 per sq. ft.	329,550
■ Library furnishings (renovation)	? sq. ft. at \$18 per sq. ft.	0
Subtotal.....		\$4,306,865
Project Contingency	10%	430,687
Professional Fees	10%	430,687
Total project cost (2007 cost)		\$5,168,238

Note: 10-12% Escalation Factor Increase for 2008
(\$516,824 – 620,189)



RECOMMENDATIONS

OPTION D

EXPAND THE COLLEGE STATION PUBLIC LIBRARY

■ New construction cost	15,256 sq. ft. at \$225 per sq. ft.	\$3,432,600
■ Renovation cost	8,873 sq. ft. at \$100 per sq. ft.	887,300
■ Landscape cost	Allowance	25,000
■ Parking cost	16,185 sq. ft. at \$5.5 per sq. ft.	89,017
■ Library furnishings (new addition)	15,256 sq. ft. at \$25 per sq. ft.	381,400
■ Library furnishings (renovation)	? sq. ft. at \$18 per sq. ft.	0

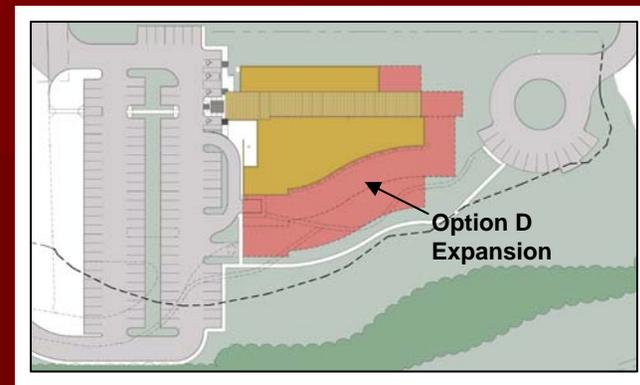
Subtotal.....\$4,815,318

Project Contingency 10% 481,532

Professional Fees 10% 481,532

Total project cost (2007 cost) \$5,778,382

Note: 10-12% Escalation Factor Increase for 2008
(\$577,838 – 693,406)



CONSTRUCTION COST FORECASTING

2006 Fourth Quarter Forecast



From 2003 – 2006 construction cost has increased approximately 35.2 %.



Quarter	Index	▲ %
4th Quarter 2006	818	2.1
3rd Quarter 2006	801	1.8
2nd Quarter 2006	787	2.8
1st Quarter 2006	766	2.7

Year	Average Index	▲ %
2006	793	10.6
2005	717	9.5
2004	655	5.4
2003	621	0.3
2002	619	1.0
2001	613	3.0
2000	595	4.4
1999	570	3.8
1998	549	4.6
1997	525	4.0
1996	505	2.6

Turner Construction Cost Index Forecast

City Council

Discussion and Direction

**July 12 2007
Regular Agenda
Gabbard Park Improvements**

To: Glenn Brown, City Manager

From: Eric Ploeger, Assistant Director of Parks and Recreation Department

Agenda Caption: Presentation, possible action and discussion regarding rejecting bid proposals received from Bid Number 07-77; and, approving one of two resolutions for a construction contract for Gabbard Park Improvements, Bid Number 07-89.

Recommendation(s): The low bid is from Acklam Construction, whose principal place of business is located outside the City of College Station. The next low bid is from Marek Brothers Construction, Inc., whose principal place of business is located within the City of College Station. The bid from Marek Brothers Construction, Inc. is within five (5%) percent of the low bid. Council has requested to be informed of local preference opportunities, on a case-by-case basis, when local bidders may be given local preference pursuant to LGC 271..9051.

Summary: In May 2007, bids were received for construction improvements for Gabbard Park pursuant to Invitation to Bid Number 07-77. During bid evaluation, it was discovered that the bid specifications were missing important documentation referring to the Davis Bacon Act. New specifications were developed and released via Bid Number 07-89. On June 6, 2007, three (3) bid proposals were received in response to Bid Number 07-89 for construction improvements in Gabbard Park. Resolutions and contracts have been prepared for both contractors to facilitate Council's decision. The low bid from Acklam Construction was \$153,730 and the second lowest bid from Marek Brothers Construction, Inc. was \$153,868, a difference of \$138.

Budget & Financial Summary: This project is funded with Community Development Block Grant (CDBG) Funds. Funds are budgeted and available for this project in the Parks Capital Projects Fund in the amount of \$140,000. An additional amount of approximately \$14,000 will be transferred from available Zone 6 Park Land Dedication Funds. The exact amount will depend on Council's decision.

Attachments:

- 1) Resolution Awarding Bid to Marek Brothers Construction, Inc.
- 2) Resolution Awarding Bid to Acklam Construction
- 3) Bid Number 07-89 Tabulation
- 4) Marek Brothers Construction, Inc., Affidavit of Principle Place of Business
- 5) Project Location Map
- 6) Site Plan

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING A CONSTRUCTION CONTRACT FOR THE GABBARD PARK IMPROVEMENTS CONSTRUCTION PROJECT, PROJECT NUMBER PK 0704 AND AUTHORIZING THE EXPENDITURES OF FUNDS.

WHEREAS, the City of College Station, Texas, solicited proposals for the construction phase of the Gabbard Park Improvements Construction Project; and

WHEREAS, the selection of Marek Brothers Construction, Inc., is being recommended as the lowest responsible bidder with local preference for the construction services related to the Gabbard Park Improvements Construction Project; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the City Council hereby finds that Marek Brothers Construction, Inc. is the lowest responsible bidder, with local preference.

PART 2: That the City Council hereby approves the contract with Marek Brothers Construction, Inc., in the amount of \$153,868.00 for the labor, materials, and equipment required for the Gabbard Park Improvements Contract.

PART 3: That the funding for this Contract shall be as budgeted from the Parks Capital Improvement Projects Fund in the amount of \$153,868.00.

PART 4: That this resolution shall take effect immediately from and after its passage.

ADOPTED this 12th day of July, A.D. 2007.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:



City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, APPROVING A CONSTRUCTION CONTRACT FOR THE GABBARD PARK IMPROVEMENTS CONSTRUCTION PROJECT, PROJECT NUMBER PK 0704 AND AUTHORIZING THE EXPENDITURES OF FUNDS.

WHEREAS, the City of College Station, Texas, solicited proposals for the construction phase of the Gabbard Park Improvements Construction Project; and

WHEREAS, the selection of Acklam Construction Company, Ltd., is being recommended as the lowest responsible bidder for the construction services related to the Gabbard Park Improvements Construction Project; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the City Council hereby finds that Acklam Construction Company, Ltd. is the lowest responsible bidder.

PART 2: That the City Council hereby approves the contract with Acklam Construction Company, Ltd. in the amount of \$153,730.00 for the labor, materials, and equipment required for the Gabbard Park Improvements Contract.

PART 3: That the funding for this Contract shall be as budgeted from the Parks Capital Improvement Projects Fund in the amount of \$153,730.00.

PART 4: That this resolution shall take effect immediately from and after its passage.

ADOPTED this 12th day of _____ July _____, A.D. 2007.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:



City Attorney

GABBARD PARK IMPROVEMENTS
07-89 Tabulation
Parks and Recreation

6/6/2007

Item #	Description	Acklam Construction	Marek Brothers Const.	Dudley Construction
		Lump Sum	Lump Sum	Lump Sum
1	Sidewalk/Concrete Work	\$27,400.00	\$23,064.10	\$30,700.00
2	Picnic Unit	\$2,350.00	\$1,332.24	\$4,100.00
3	Concrete Fence	\$38,600.00	\$39,040.00	\$37,000.00
4	Area Lights, Conduit and Junction Boxes	\$44,850.00	\$45,085.10	\$48,600.00
5	Benches	\$4,930.00	\$6,380.60	\$6,900.00
6	Planter Bed Improvements	\$1,150.00	\$2,470.50	\$1,600.00
7	20' Bridge w/Concrete Footing	\$32,650.00	\$35,380.00	\$33,875.00
8	Seeding Disturbed Areas/Finish Grading	\$1,800.00	\$1,115.46	\$2,350.00
Total		\$153,730.00	\$153,868.00	\$165,125.00

Calendar Days for Completion	150	110	100
Certification of Bid	Y	Y	Y
Deviations/Conditions	N	N	N
Addenda Acknowledged	N/A	N/A	N/A
Bid Bond	Y	Y	Y

Staff Award Recommendation

AFFIDAVIT

Complete all areas below. Incomplete affidavits may be rejected.

Local Business Name (sometimes referred to herein as "bidder"): Marek Brothers Construction, Inc.

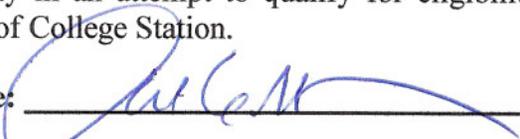
Local Address (must be within the City limits): 2112 Southwood Drive, Coll. Sta. Tx. 77840

P.O. Box 9402, College Station, Tx. 77842

1. Is the above address the principal place of business for the business named above?
 Yes No
2. Year your business was established in the City of College Station: 1985.
3. Has bidder, in the last twenty-four (24) months, claimed or represented to any other entity seeking or requesting bids or proposals that your principal place of business was in any city or location other than the City of College Station? Yes No
4. Does your business have more than one office in the State of Texas? Yes No
If Yes, identify the office location considered as the point-of sale for the purpose of sales tax calculation: _____
5. How many residents of the City of College Station are employed at the above business location?
3.
6. Was the local business required to pay business and/or real property tax for the most recent tax year? Yes No
If Yes, did the local business pay any of this tax to the City of College Station? Yes No

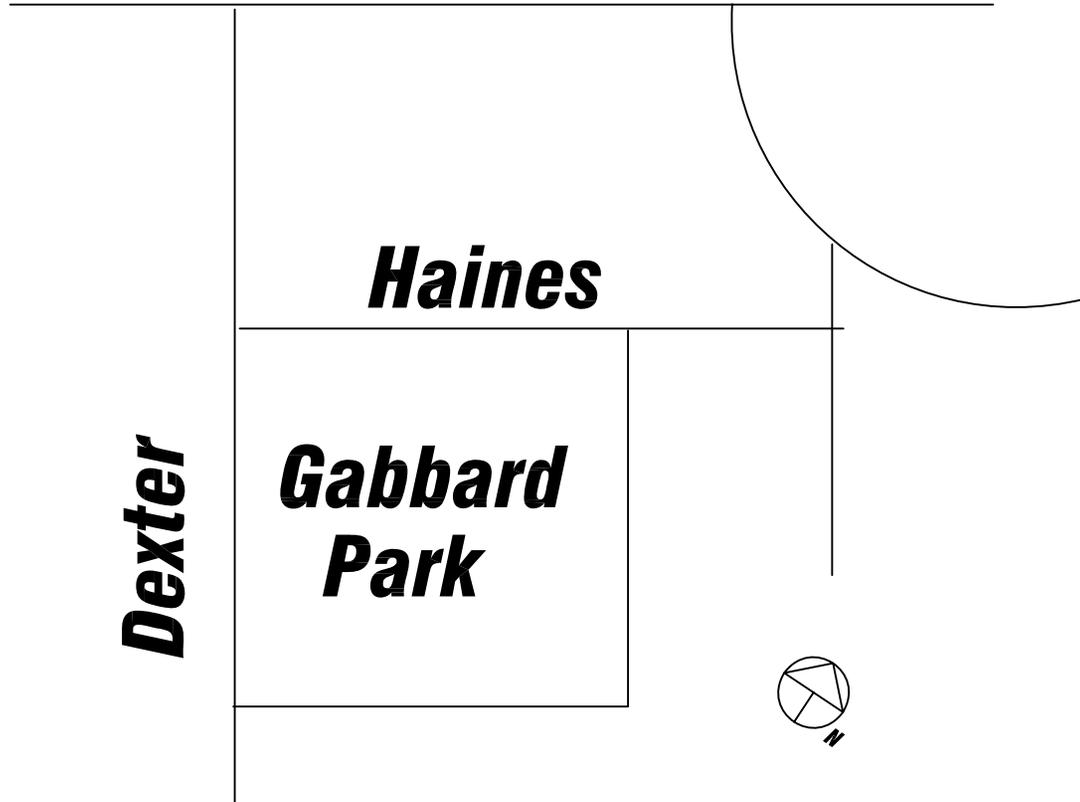
7. Please provide any additional economic development benefits to the City of College Station.
The owners of Marek Brothers Const., Inc. also own Stop-N-Store self storage ~~phase 1 and soon to be phase 2 located at 3820 Harvey Road, C.S. Tx..~~ Value: \$2.0 mil. They also own 30 apartment units located on Balcones St. in Coll. Sta. with a value of 2.0 mil.. ~~They also own a 50% interest in the Longmire Place Business Center with a value of 1.1 mil.~~ All of these properties are located in the City of College Station. All of these entities pay substantial amounts of property taxes that accrue directly to the economic development of the City of College Station.

Under penalty of perjury, the undersigned states that the foregoing statements are true and correct. It is further acknowledged that any person, firm, corporation or entity intentionally submitting false information to the City in an attempt to qualify for eligibility may be prohibited from bidding on projects with the City of College Station.

Authorized Signature:  Date: June 13, 2007

Printed Name and Title: Patrick G. Marek, President

Holleman Dr.



Gabbard Park Location Map

Form Name: Date Submitted: 6/24/2007 9:28:38 PM

Apply For A Citizen Committee

Name: Bobby Miksch, Jr.

Home Address: 2111 Walnut Grove Ct

Telephone: 979-574-7150

Fax: 979-693-5571

College Station Resident for ____ years: 14

Subdivision: Emerald Forest

Voter Registration Number: 1040788891

Business Owner: Yes

Business Name: Aggieland Automotive

Occupation: Business Owner

Work Address: 107 Brentwood

Work Telephone: 979-693-1000

Work Fax: 979-693-5571

Education: BBA Accounting

Position Sought (No. 1 being most preferable and No. 3 being least preferable): Planning and Zoning Commission, Brazos County Appraisal

Board, CS Business Development Corporation

If you currently serve on any other committees, boards or commissions,

please list them here: The Board of Directors of Aggieland Pregnancy Outreach, Inc. Non-Profit. As well as Ram Management Services, Inc. For-Profit. Controlling Shareholder

Please list any experience or interest that qualifies you to serve in the position desired: Currently own and operate 2 business within Brazos

County and would like to become more active in the growth and development of the city/county in which I live.

Form Name: Date Submitted: 6/25/2007 1:14:23 PM

Apply For A Citizen Committee

Name: David R Hart

Home Address: 1306 Bayou Woods Dr

Telephone: 979-229-2766

Fax: 979-690-0440

College Station Resident for ____ years: 13

Subdivision: College Hills

Voter Registration Number:

Business Owner: No

Business Name:

Occupation: Software Developer

Work Address: PO Box 9010

Work Telephone: 979-690-5509

Work Fax:

Education: BS

Position Sought (No. 1 being most preferable and No. 3 being least preferable): Construction Board of Adjustments and Appeals, Arts Council, Parks and Recreation Board

If you currently serve on any other committees, boards or commissions,

please list them here: CBAA, CPAC

Please list any experience or interest that qualifies you to serve in the position desired: Citizens University, currently serving on CBAA, interested in serving on ACBV board or parks board



CITY OF COLLEGE STATION

2007 Application for City Boards/Commissions/Committees

PLEASE TYPE OR PRINT CLEARLY

NAME GREGORY K. TAGGART

Personal Information

Occupational Information

Home Address 1008 Madera
Telephone: 764-8029
Fax: 693-4243
College Station Resident for 31 years
Subdivision SOUTHWOOD
Voter Registration # 77657

Business Owner? Yes No
Business Name: MDG
Occupation: Land Surveyor/Urban Planner
Education (optional) TAMU

POSITION SOUGHT: (Please indicate choice with 1, 2 or 3 - where 1 is most preferable and 3 being least preferable.) CHOOSE NO MORE THAN 3

Standing Committees

- Checkboxes for various committees like Brazos County Appraisal Dist, Cemetery Committee, etc. with handwritten numbers 1, 2, 3 indicating preferences.

Parks Board Committees

- Checkboxes for Conference Center Advisory Committee, Lincoln Center Advisory Committee, Senior Advisory Committee.

If you currently serve on any other boards/commissions/committees, please list them here:

Please list any experience or interests that qualifies you to serve in the positions indicated: I have been a member of Parks Board and ZBA, I deal professionally with issues and concerns addressed by P&Z and have more than 20 years experience w/ Zoning + Land use issues.

Signature of Applicant Gregory K. Taggart Date 27 June 2007 A.D.

Mail completed application to: City Secretary's Office, City of College Station, P.O. Box 9960, College Station, TX 77842.



CITY OF COLLEGE STATION

QUESTIONNAIRE CITIZEN COMMITTEES

NAME Gregory K. Taggart
LIST CITIZEN COMMITTEES P + Z
Parks Board
ZBA

Please print legibly

o:group/council/generalinterviewquestionnaire.com

1. Why are you interested in serving on a City committee?

I have previously served on Parks Board and ZBA, and feel like I am ready to perform public service again. In addition I have experience and understanding of the issues confronted by these advisory bodies.

2. What attracts you to College Station?

The quality of life in college station, particularly with regards to parks. Additionally, there is a "small-town" feel here that is very attractive.

3. Volunteer service on City committees may include regular meetings on a bi monthly and monthly basis. Do you feel you can commit the time to serve effectively?

Yes

4. What do you consider to be the top three issues affecting the City of College Station?

- 1) Effective growth management including transportation system development
- 2) Insulation of existing neighborhoods/residential areas from effects of commercial development
- 3) Mitigation of drainage impacts from continued development

5. What is your "vision" for the future of College Station?

A city which is easy to move about and where green space is effectively used to mitigate drainage and noise, retaining a balance regarding the property rights of stake-holders

6. Briefly give your opinion about the overall mission and goals of the City.

To execute the constitutional police powers and perform those tasks which cannot be carried out effectively by the individual citizens.



CITY OF COLLEGE STATION

2007 Application for City Boards/Commissions/Committees

JUL - 2 2007

PLEASE TYPE OR PRINT CLEARLY

NAME Mary Ellen Bell

Personal Information

Occupational Information

Home Address 1406 Lawyer
Telephone: 979-693-0488
Fax: _____
College Station Resident for 39 years
(Must be a resident of the City to serve)
Subdivision South Knoll
Voter Registration # _____

Business Owner? Yes No
Business Name: _____
Occupation: Retired - owner Clocks & Collectables
(If retired, please indicate former occupation)
Fax: _____
Education (optional) Masters - Chemistry plus work toward Doctorate in Chemistry

POSITION SOUGHT: (Please indicate choice with 1, 2 or 3 - where 1 is most preferable and 3 being least preferable.) CHOOSE NO MORE THAN 3

Standing Committees

- | | |
|--|---|
| <input type="checkbox"/> Brazos County Appraisal Dist. | <input type="checkbox"/> Library Committee |
| <input type="checkbox"/> Cemetery Committee | <input type="checkbox"/> Outside Agency Funding Review |
| <input type="checkbox"/> Construction Board of Adjustments & Appeals | <input type="checkbox"/> Parks and Recreation Board |
| <input type="checkbox"/> Northgate TIF Board | <input type="checkbox"/> Planning and Zoning Commission |
| <input type="checkbox"/> Design Review Board | <input type="checkbox"/> Research Valley Partnership. |
| <input type="checkbox"/> Joint Relief Funding Review | <input type="checkbox"/> Wolf Pen Creek TIF Board |
| <input type="checkbox"/> Historic Preservation Committee | <input type="checkbox"/> Zoning Board of Adjustments |
| <input type="checkbox"/> Convention & Visitors Bureau | <input type="checkbox"/> Comprehensive Plan Advisory |
| <input type="checkbox"/> Arts Council of the Brazos Valley | |

Parks Board Committees

- Conference Center Advisory Committee
- Lincoln Center Advisory Committee
- Senior Advisory Committee

If you currently serve on any other boards/commissions/committees, please list them here:
Cochairman - Lawyer St. Neighborhood Chairman Education for Capital Area Watch & Clock Guild - Austin

Please list any experience or interests that qualifies you to serve in the positions indicated:
Interest in seeing more opportunities for seniors and a senior center

Signature of Applicant Mary Ellen Bell

Date 6/28/07

Mail completed application to: City Secretary's Office, City of College Station, P.O. Box 9960, College Station, TX 77842.

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CITY OF COLLEGE STATION

the heart of the Research Valley

City of College Station

HOME | CITY GOVERNMENT | BUSINESS | RESIDENT | VISITORS | CITY SERVICES

ONLINE SERVICES

GOVERNMENT

➤ Electronic Payments

➤ Purchasing

➤ Surveys

➤ **Program Applications**

➤ Apply For Teen Court

➤ Apply For Citizens University

➤ Apply to Volunteer

➤ **Apply For A Citizen Committee**

➤ E-mail Notifications

➤ Feedback

➤ Police

➤ Utilities

➤ Streets and Traffic

➤ Development

➤ Trash and Recycling

➤ Contact The City

Apply For A Citizen Committee

Name * Mike Lane

Home Address * 4706 Camargo Ct

Telephone * 979-492-6500

Fax

College Station Resident for ____ years * 30 years

Subdivision * Pebble Creek

Voter Registration Number

Business Owner *

Yes

No

Business Name Mike Lane Construction

Occupation * Contractor

Work Address 4706 Camargo Ct

Work Telephone 979-492-6500

Work Fax

Education

Position Sought (No. 1 being most preferable and No. 3 being least preferable) *

1	Construction Board of Adjustments and Appeals
2	(select an position)
3	(select an position)

If you currently serve on any other committees, boards or commissions, please list them here

Construction Board
of Adjustments and
Appeals

**Please list any
experience or interest
that qualifies you to
serve in the position
desired**

Served on the this
Board in the
past / Building
Contractor and
Long time Resident
of College Station

Submit Form

* required field



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From: "City of College Station -" <info@cstx.gov>
To: <wmason@cstx.gov>
CC: <dcody@cstx.gov>, <ycasares@cstx.gov>
Date: 6/28/2007 1:54 PM
Subject: Response to Apply For A Citizen Committee

Form Name: Date Submitted: 6/28/2007 1:44:23 PM

Apply For A Citizen Committee

Name: Sarah Adams

Home Address: 1009 Howe Drive

Telephone: 979-693-3676

Fax:

College Station Resident for ____ years: 34 years total; 22 as an adult

Subdivision: Foxfire

Voter Registration Number:

Business Owner: No

Business Name:

Occupation: homemaker; volunteer

Work Address:

Work Telephone:

Work Fax:

Education: B.S., TAMU; B.S. UTMB

Position Sought (No. 1 being most preferable and No. 3 being least preferable): Cemetery Committee, ,

If you currently serve on any other committees, boards or commissions, please list them here: I have been serving on the Cemetery Committee for many years and would like to extend my service in order to see through our current project, the new municipal cemetery and Aggie Field of Honor.

Please list any experience or interest that qualifies you to serve in the position desired: I have served on this committee since 1989 and was appointed as chairman. I remained on the committee while Katherine Edwards served as chairman and became chairman again after she "retired" from the committee.

From: "City of College Station -" <info@cstx.gov>
To: <wmason@cstx.gov>
CC: <dcody@cstx.gov>, <vcasares@cstx.gov>
Date: 6/28/2007 5:02 PM
Subject: Response to Apply For A Citizen Committee

Form Name: Date Submitted: 6/28/2007 4:43:56 PM

Apply For A Citizen Committee

Name: Virginia Reese

Home Address: 501 Park Place

Telephone: 979-764-1973

Fax:

College Station Resident for ____ years: 14

Subdivision: Southside

Voter Registration Number: 146960

Business Owner: No

Business Name:

Occupation: Specialist in School Psychology

Work Address:

Work Telephone:

Work Fax:

Education: B.A., SHSU; M.S., TAMU

Position Sought (No. 1 being most preferable and No. 3 being least preferable): Cemetery Committee, Library Committee, Lincoln Center Advisory Committee

If you currently serve on any other committees, boards or commissions, please list them here: Currently on Cemetery Committee.

Please list any experience or interest that qualifies you to serve in the position desired: Have served on the Cemetery Committee for 4 years. I believe my experience would be helpful, particularly through continued development of the new city cemetery.