MINUTES OF THE REGULAR CITY COUNCIL MEETING
CITY OF COLLEGE STATION
JUNE 13, 2013

STATE OF TEXAS §
§
COUNTY OF BRAZOS §

Present:

Nancy Berry, Mayor

Council:

Blanche Brick
Jess Fields
Karl Mooney
John Nichols
Julie Schultz
James Benham

City Staff:

Kathy Merrill, Interim City Manager
James "Rod" Hogan, Interim Assistant City Manager
Carla Robinson, City Attorney
Sherry Mashburn, City Secretary
Ian Whittenton, Records Management Coordinator

Call to Order and Announce a Quorum is Present

With a quorum present, the Regular Meeting of the College Station City Council was called to order by Mayor Berry at 7:18 p.m. on Thursday, June 13, 2013 in the Council Chambers of the City of College Station City Hall, 1101 Texas Avenue, College Station, Texas 77842.

1. Pledge of Allegiance, Invocation, consider absence request.

Citizen Comments

Carrol Claycamp, 300 Lee Avenue, addressed the Council regarding the Conference Center which was closed eleven months ago. He has been trying to find out why it was necessary to close the center so suddenly and why it remains closed. He also wants to know why some effort wasn't spent to save the building. It appears that the Council is determined to sell the Conference Center. A record rainfall occurred several weeks ago, and the building continues to stand on its own.

CONSENT AGENDA

2a. **<u>Presentation, possible action, and discussion of minutes for:</u>**

- **<u>May 23, 20 13 Workshop</u>**
- **<u>May 23, 2013 Regular Council Meeting</u>**

2b. **<u>Presentation, possible action and discussion regarding approval of a real estate contract between the City of College Station (Buyer) and Triangle Oaks, L.P. (Seller) for the purchase of 1.31 acres of land located at 1500 University Oaks Blvd.</u>**

2c. **<u>Presentation, possible action, and discussion on the first reading of a franchise agreen1ent amendment with Bryan Iron and Metal, Ltd. d/b/a Texas Commercial Waste; for the collection of construction and demolition debris, recycling, and organic waste collection from multifamily apartments and commercial business locations, and residential roll-off construction and demolition debris collection.</u>**

2d. **<u>Presentation, possible action and discussion regarding the renewal of annual price agreement 11-031 to Brazos Paving, Inc. for the purchase of Cement Stabilized Sand for an amount not to exceed $137,000 and authorizing the City Manager to execute the renewal agreement on behalf of the City Council.</u>**

2e. **<u>Presentation, possible action and discussion regarding the purchase of 5-15 kV electric distribution breakers in the amount of $119,190 from V&S Schuler Utilities for system arc flash protection upgrades and for installation Northgate substation.</u>**

2f. **<u>Presentation, possible action and discussion on the first renewal and first amendment to the bank depository contract between City of College Station and Citibank, N.A.</u>**

Item 2b was pulled for a separate vote.

MOTION: Upon a motion made by Councilmember Mooney and a second by Councilmember Schultz, the City Council voted seven (7) for and none (0) opposed, to approve the Consent Agenda, less item 2b. The motion carried unanimously.

(2b)MOTION: Upon a motion made by Councilmember Benham and a second by Councilmember Fields, the City Council voted two (2) for and five (5) opposed, with Mayor Berry and Councilmembers Brick, Mooney, Nichols, and Schultz voting against, to postpone this item to the next meeting. The motion failed.

(2b)MOTION: Upon a motion made by Councilmember Nichols and a second by Councilmember Mooney, the City Council voted three (3) for and four (4) opposed, with Councilmembers Brick, Fields, Schultz, and Benham voting against, to approve the real estate contract between the City of College Station (Buyer) and Triangle Oaks, L.P. (Seller) for the purchase of 1.31 acres of land located at 1500 University Oaks Blvd. The motion failed.

<u>REGULAR AGENDA</u>

1. **<u>Public Hearing, presentation, possible action, and discussion approving Ordinance 2013-3501, vacating and abandoning a 0.094 acre, 20-foot wide public utility easement located on</u>**

Lots 2, 3 & 4 of the North Park Section II Subdivision according to the plat recorded in Volume 494, Page 543 of the Deed Records of Brazos County, Texas.

At approximately 7:35 p.m., Mayor Berry opened the Public Hearing.

There being no comments, the Public Hearing was closed at 7:35 p.m.

MOTION: Upon a motion made by Councilmember Fields and a second by Councilmember Mooney, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2013-3501, vacating and abandoning a 0.094 acre, 20-foot wide public utility easement located on Lots 2, 3 & 4 of the North Park Section II Subdivision according to the plat recorded in Volume 494, Page 543 of the Deed Records of Brazos County, Texas. The motion carried unanimously.

2. Public Hearing, presentation, possible action, and discussion approving Ordinance 2013-3502, vacating and abandoning five electrical and public utility easements located at 410 Texas Avenue: a 10-foot electrical utility easement (Exhibit "A"), a 15-foot electrical utility easement (Exhibit "B"), and a 10-foot electrical utility easement (Exhibit "C") recorded in Volume 639, Page 534 of the Deed Records of Brazos County, Texas; a 10-foot electrical utility easement recorded in Volume 740, Page 373 of the Deed Records of Brazos County, Texas; and a 0.07 acre public utility easement recorded in Volume 2709, Page 139 of the Deed Records of Brazos County, Texas.

At approximately 7:37 p.m., Mayor Berry opened the Public Hearing.

There being no comments, the Public Hearing was closed at 7:37 p.m.

MOTION: Upon a motion made by Councilmember Schultz and a second by Councilmember Benham, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2013-3502, vacating and abandoning five electrical and public utility easements located at 410 Texas Avenue: a 10-foot electrical utility easement (Exhibit "A"), a 15-foot electrical utility easement (Exhibit "B"), and a 10-foot electrical utility easement (Exhibit "C") recorded in Volume 639, Page 534 of the Deed Records of Brazos County, Texas; a 10-foot electrical utility easement recorded in Volume 740, Page 373 of the Deed Records of Brazos County, Texas; and a 0.07 acre public utility easement recorded in Volume 2709, Page 139 of the Deed Records of Brazos County, Texas. The motion carried unanimously.

3. Presentation, possible action and discussion regarding approval of Resolution 06-13-13-03 for Parks and Recreation Department User Fees for facilities and programs for FY 2013-14.

MOTION: Upon a motion made by Councilmember Nichols and a second by Councilmember Benham, the City Council voted six (6) for and one (1) opposed, with Councilmember Fields voting against, to adopt Resolution 06-13-13-03 for Parks and Recreation Department User Fees for facilities and programs for FY 2013-14, adding a Part 3 to set an effective date of October 1, 2013. The motion carried.

4. Presentation, possible action and discussion on Ordinance 2013-3503, authorizing the issuance of up to $10,450,000 in principal amount of "City of College Station, Texas

Certificates of Obligation, Series 2013"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject.

5. Presentation, possible action and discussion on Ordinance 2013-3504, authorizing the issuance of up to $23,000,000 in principal amount of "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2013;" delegating the authority to certain City Officials to execute certain documents relating to the sale of the bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject.

Items 4 and 5 were discussed together.

MOTION: Upon a motion made by Councilmember Brick and a second by Councilmember Fields, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2013-3503, authorizing the issuance of up to $10,450,000 in principal amount of "City of College Station, Texas Certificates of Obligation, Series 2013"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject; and to appoint Raymond James, RBC Capital Markets and BOSC, Inc. as underwriters. The motion carried unanimously.

MOTION: Upon a motion made by Councilmember Benham and a second by Councilmember Fields, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2013-3504, authorizing the issuance of up to $23,000,000 in principal amount of "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2013;" delegating the authority to certain City Officials to execute certain documents relating to the sale of the bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject; and to appoint Raymond James, RBC Capital Markets and BOSC, Inc. as underwriters. The motion carried unanimously.

6. Adjournment.

MOTION: There being no further business, Mayor Berry adjourned the Regular Meeting of the City Council at 8:49 p.m. on Thursday, June 13, 2013.

Nancy Berry
Nancy Berry, Mayor

ATTEST:

Sherry Mashburn
Sherry Mashburn, City Secretary

CITY OF COLLEGE STATION
Home of Texas A&M University®

College Station City Council Regular Agenda
Sign In Sheet
Thursday, June 13,, 2013 at 7:00 p.m.
City Hall Council Chamber

	Name	Address	Email or Phone No.
1.	Steve Aldrich	707 Honeysucker Ln. CS.	shwaldrich@gmail.com
2.	J. Beckmann	9301 Amberwood Ct	
3.	Gary Ives	3943 Blue Jay CT	
4.	Carrol Claycamp	300 Lee Ave CS	
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			

*****Note this not a Hear Visitors form*** To speak on a particular item please file out the Citizen Speakers Form next to sign in sheet.**

CITY OF COLLEGE STATION
Home of Texas A&M University®

CITIZEN COMMENT SIGN-UP FORM

Regular Meeting Date: 06/13/13
MM / DD / YY

*** Please PRINT all information ***

Name: Carrol Claycamp **Phone:** 979·696·3056

Address: 300 Lee Ave.

Email: ____________ **Comments:** ☐ WRITTEN ☑ ORAL

Comments are presented for: ☑ HEAR VISITORS ☐ AGENDA ITEM # ____________

FOR WRITTEN COMMENTS, PLEASE WRITE BELOW:

☑ COMMENTS CONTINUED ON ATTACHED DOCUMENT OF 1 - 11x17" PAGE(S)

FOR ORAL COMMENTS:

1. YOU MUST SIGN UP PRIOR TO THE SCHEDULED MEETING
   (At the City Secretary's Office during regular business hours, or from 5:00 p.m. to 6:45 p.m. the day of the meeting.);
2. YOU WILL HAVE ONE OPPORTUNITY TO SPEAK; AND
3. YOU MUST OBSERVE THE 3-MINUTE TIME LIMIT. *(Time cannot be transferred to another speaker.)*

Inquiries from speakers about matters not listed on the agenda will either be directed to the Staff or placed on a future agenda for Council consideration. **See reverse side for additional rules**.

MAIL, FAX OR EMAIL COMPLETED FORM TO:

City of College Station
City Secretary's Office – City Hall
1101 Texas Avenue, College Station, Texas 77840
Fax: 979-764-6377
Email: smashburn@cstx.gov

OFFICE USE ONLY:
(# in which received)
1

PRELIMINARY OFFICIAL STATEMENT
DATED ____________, 2013

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.

CITY OF COLLEGE STATION, TEXAS

(a Home-Rule City located in Brazos County, Texas)

$20,270,000*
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS SERIES 2013

$9,735,000*
CERTIFICATES OF OBLIGATION SERIES 2013

Dated Date: July 15, 2013
Interest Accrual Date: Date of Delivery

Due: February 15, as shown on inside cover

The $20,270,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2013 (the "Bonds") and the $9,735,000* City of College Station, Texas Certificates of Obligation, Series 2013 (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. In each of the ordinances, the City Council of the City delegated to certain authorized officials of the City to finalize the pricing of the Obligations. 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. 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 Mellon 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 be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Obligations will accrue from the date of delivery, and will be payable on February 15, 2014, and on each August 15 and February 15 thereafter until maturity or prior redemption.

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, 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 annual 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 Bonds and the Certificates are being offered by the City concurrently, under a common Official Statement. The Bonds and the Certificates are separate and distinct securities being issued and sold independently except for the Official Statement, and, while the Bonds and Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the date of accrual and payment of interest for each series of the securities being offered, the redemption provisions and the tax treatment of interest for federal income tax purposes.

The Obligations of each series are offered for delivery, when issued, and received by the underwriters listed below (the "Underwriters") 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"). Certain legal matters will be passed upon for the Underwriters by __________________________, Houston, Texas, counsel for the Underwriters. It is expected that the Obligations will be available for delivery through the services of DTC on or about July 25, 2013.

TBD

* Preliminary, subject to change.

MATURITY SCHEDULES*

$20,270,000*
General Obligation Improvement and Refunding Bonds, Series 2013

Due Feb. 15	Principal	Interest Rate	Yield	CUSIP (1)	Due Feb. 15	Principal	Interest Rate	Yield	CUSIP (1)
2014	$ 475,000	%	%		2024 (2)	$1,590,000	%	%	
2015	1,400,000				2025 (2)	1,685,000			
2016	1,365,000				2026 (2)	475,000			
2017	1,375,000				2027 (2)	495,000			
2018	1,295,000				2028 (2)	510,000			
2019	1,210,000				2029 (2)	530,000			
2020	1,270,000				2030 (2)	545,000			
2021	1,350,000				2031 (2)	570,000			
2022	1,425,000				2032 (2)	590,000			
2023 (2)	1,505,000				2033 (2)	610,000			

$9,735,000*
Certificates of Obligation, Series 2013

Due Feb. 15	Principal	Interest Rate	Yield	CUSIP (1)	Due Feb. 15	Principal	Interest Rate	Yield	CUSIP (1)
2014	$ 305,000	%	%		2024 (2)	$ 490,000	%	%	
2015	330,000				2025 (2)	515,000			
2016	340,000				2026 (2)	540,000			
2017	355,000				2027 (2)	560,000			
2018	365,000				2028 (2)	580,000			
2019	385,000				2029 (2)	605,000			
2020	405,000				2030 (2)	620,000			
2021	425,000				2031 (2)	645,000			
2022	440,000				2032 (2)	670,000			
2023 (2)	465,000				2033 (2)	695,000			

* Preliminary, subject to change.

(1) CUSIP numbers have been assigned to the Obligations by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Obligations. Neither the City, the Financial Advisor nor the Underwriters 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, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, 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 Obligations 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 CUSIP Global Services, and are included solely for the convenience of the owners of the Obligations. Neither the City, the Financial Advisor nor the Underwriters 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 Underwriters 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.

The Obligations are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations in accordance with applicable securities law provisions of the jurisdiction in which these securities have been registered or exempted should not be regarded as a recommendation thereof.

TABLE OF CONTENTS

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 50.6 square miles (see "INTRODUCTION - DESCRIPTION OF THE CITY").

THE BONDS .... The Bonds are issued as $20,270,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2013. The Bonds are issued as serial bonds maturing on February 15 in each of the years 2014-2033 (see "THE OBLIGATIONS - GENERAL DESCRIPTION").

THE CERTIFICATES .... The Certificates are issued as $9,735,000* City of College Station, Texas Certificates of Obligation, Series 2013. The Certificates are issued as serial certificates maturing on February 15 in each of the years 2014-2033 (see "THE OBLIGATIONS - GENERAL DESCRIPTION").

PAYMENT OF INTEREST ...... Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Obligations will accrue from the date of delivery, and will be payable on February 15, 2014, and on each August 15 and February 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - GENERAL DESCRIPTION").

AUTHORITY FOR ISSUANCE OF THE BONDS .... The Bonds are issued pursuant to the general laws of the State, particularly Chapters 1207, 1251, 1331 and 1371, Texas Government Code, an ordinance passed by the City Council of the City, and an election held November 4, 2008 (see "THE OBLIGATIONS - AUTHORITY FOR ISSUANCE OF THE BONDS").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES .... The Certificates are issued pursuant to the general laws of the State, particularly Chapter 1371, Texas Government Code and 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 OF THE CERTIFICATES").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the City, secured by and 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"). 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.

SECURITY FOR THE CERTIFICATES..................... The Certificates constitute direct obligations of the City, secured by and payable from a combination of (i) the levy and collection of an annual 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"). 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.

REDEMPTION .... The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, 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, including the alternative minimum tax on corporations. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel and Exhibit C.

USE OF BOND PROCEEDS..... Proceeds from the sale of the Bonds will be used to (i) pay for the costs of construction, acquisition and improvements to City streets, (ii) pay for certain parks and park facilities improvements, (iii) refund certain obligations of the City described in Schedule I to this Official Statement (the "Refunded Obligations") and (iv) pay the costs incurred in connection with the issuance of the Bonds. (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

USE OF CERTIFICATE PROCEEDS.......................... Proceeds from the sale of the Certificates will be used (i) to pay for the cost of construction of improvements to the City's combined electric, waterworks and sewer system and (ii) to pay the costs incurred in connection with the issuance of the Certificates (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

RATINGS .... The presently outstanding tax supported debt of the City is rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") and "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), without regard to credit enhancement. In addition, applications for contract ratings have been made to S&P and Moody's (see "OTHER INFORMATION – RATINGS").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Obligations 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 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.

* Preliminary, subject to change.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[(1)]	Taxable Assessed Valuation[(2)]	Per Capita Taxable Assessed Valuation	Net Ad Valorem Tax Debt[(3)]	Per Capita Net Ad Valorem Tax Debt	Ratio Tax Debt to Taxable Assessed Valuation	Percent Total Collection
2008	89,140	$ 4,477,073,139	$ 50,225	$ 100,660,000	$ 1,129	2.25%	98.99%
2009	91,298	5,024,154,213	55,030	97,720,000	1,070	1.95%	99.93%
2010	93,991	5,390,791,001	57,354	107,570,000	1,144	2.00%	98.49%
2011	94,669	5,455,432,461	57,626	99,140,000	1,047	1.82%	99.76%
2012	97,888	5,738,615,002	58,624	96,390,000	985	1.68%	99.83%
2013	98,180	5,944,312,987	60,545	96,505,136 (4)	983 (4)	1.62% (4)	89.47% (5)

(1) Source: The City.
(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.
(3) Payable from ad valorem taxes. Does not include self-supporting debt.
(4) Projected, includes the Obligations and excludes the Refunded Obligations.
(5) Collections as of April 30, 2013.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30				
	2012	2011	2010	2009	2008
Beginning Balance	$ 14,393,057	$ 13,815,881	$ 11,274,207 (4)	$ 11,177,933 (2)	$ 12,932,589
Total Revenue	46,560,274	44,034,999	43,729,324	41,074,252	40,296,142
Total Expenditures	55,670,118	56,171,633	56,980,061	57,916,764	51,903,767
Other Financing Sources	11,209,504	12,713,810	15,792,411	15,043,008 (3)	10,660,425
Ending Balance[(1)]	$ 16,492,717	$ 14,393,057	$ 13,815,881	$ 9,378,429	$ 11,985,389

(1) The City's financial policies require 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.
(2) Amount lower than Fiscal Year 2008 ending balance due to prior period adjustment.
(3) Increase due to higher return on investment from revenues of the City's utility system and a change in how General and Administrative transfers are recorded.
(4) Restated.

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
Revenues:					
Electric	$ 94,396,234	$ 98,737,655	$ 89,126,259	$ 80,676,212	$ 74,975,691
Water and Wastewater	27,652,449	29,248,180	23,772,503	25,229,487	22,294,720
Interest	136,974	142,700	129,691	579,520	1,263,129
Other	2,857,223	2,584,985	2,531,326	2,461,853	2,726,652
Total Revenues	$ 125,042,880	$ 130,713,520	$ 115,559,779	$ 108,947,072	$ 101,260,192
Expenses:					
Total Expenses	$ 88,927,662	$ 96,938,864	$ 91,551,106	$ 80,848,570	$ 73,195,783
Net Available for Debt Service	$ 36,115,218	$ 33,774,656	$ 24,008,673	$ 28,098,502	$ 28,064,409
Water (Units Served)	39,338	37,565	37,596	37,344	37,075
Wastewater (Units Served)	36,908	35,563	35,853	34,743	34,743
Electric (Units Served)	39,123	37,829	38,255	37,818	37,777

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Position	Length of Service	Term Expiration(5)	Occupation
Nancy Berry	Mayor	3 Years (1)	11/13	Full-time Volunteer
Blanche Brick	Council Member	2 Years (2)	11/14	Professor
Jess Fields	Council Member	3 Years (3)	11/13	Business Owner
Karl Mooney	Council Member	2 Years (2)	11/14	Texas A&M University Director
John Nichols	Council Member	6 Months (4)	11/12	Retired Professor
Julie Schultz	Council Member	2 Years (2)	11/14	Business Owner
James Benham	Council Member	6 Months (4)	11/12	Business Owner

(1) Elected Mayor in May 2010; former City of College Station Council Member 2004-2006.
(2) Elected May 2011.
(3) Elected May 2010.
(4) Elected November 2012.
(5) On December 8, 2011 Council approved changes to the City's Election Ordinance to move the City's general election day to the first Tuesday after the first Monday in November. This change is pursuant to Senate Bill 100, Eighty-Second Regular Legislature.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City
Kathleen Merrill	Interim City Manager	6.5 Years (1)
James "Rod" Hogan	Interim Deputy City Manager	1 Month (2)
Carla Robinson	City Attorney	11 Years (3)
Sherry Mashburn	City Secretary	2.5 Years
Ty Elliott	Internal Auditor	5.5 Years
David Coleman	Director of Water Services	7.5 Years
Timothy Crabb	Director of Electric Utility	6.5 Years (4)
Jeff Kersten	Executive Director of Business Services	21.5 Years (5)
Ben Roper	Director of Information Technology	8.5 Years
David Schmitz	Director of Parks and Recreation	4.5 Years (6)
Bob Cowell	Executive Director of Development Services	5.5 Years (7)
Chuck Gilman	Director of Public Works and CIP	5 Years (8)
Alison Pond	Director of Human Resources	4 Years
Jay Socol	Public Communications Director	3 Years

(1) Interim City Manager since May 2013; previously served as Deputy City Manager.
(2) Hired as an independent contractor and consultant. Retired deputy city manager from the City of Plano with 35 years of municipal experience.
(3) City Attorney since February 2011; previously served as Assistant City Attorney.
(4) Director of Electric utility since December 2012; previously served as Assistant Director of Electric Utility.
(5) Executive Director of Business Services since July 2011; previously served as Chief Financial Officer.
(6) Director of Parks and Recreation since May 2011; previously served as Assistant Director of Parks and Recreation.
(7) Executive Director of Development Services since July 2011; previously served as Director of Planning and Development Services.
(8) Director of Public Works since October 2010.

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 Executive Director of Business Services City of College Station 1101 Texas Avenue College Station, Texas 77840 (979) 764-3552 Phone	or	Drew Masterson First Southwest Company 700 Milam Street, Suite 500 Houston, Texas 77002 (713) 651-9850 Phone

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF COLLEGE STATION, TEXAS

(a Home-Rule City located in Brazos County, Texas)

$20,270,000*
GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS
SERIES 2013

$9,735,000*
CERTIFICATES OF OBLIGATION
SERIES 2013

INTRODUCTION

This Official Statement, which includes the cover pages and Appendices hereto, provides certain information regarding the issuance of the $20,270,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2013 (the "Bonds") and the $9,735,000* City of College Station, Texas Certificates of Obligation, Series 2013 (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. The Bond Ordinance and the Certificate Ordinance are collectively referred to herein as the "Ordinances." In the Ordinances, the City Council delegated to certain officers of the City the authority to finalize the pricing of the Obligations.

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 of Texas (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 November 2012. 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 2010 Census population was 93,857 and the current estimated population of the City is 98,180. The City covers approximately 50.6 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) pay for certain parks and park facilities improvements, (iii) refund certain obligations of the City described in SCHEDULE I to this Official Statement (the "Refunded Obligations") and (iv) pay the costs incurred in connection with the issuance of the Bonds. (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

Proceeds from the sale of the Certificates will be used (i) to pay for the cost of construction of improvements to the City's combined electric, waterworks and sewer system and (ii) to pay the costs incurred in connection with the issuance of the Certificates (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

REFUNDED OBLIGATIONS

The principal of and interest due on the Refunded Obligations are to be paid on the respective interest payment dates and redemption dates of such Refunded Obligations, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (the "Escrow Agent"). The Ordinance authorizing the Bonds provides that from the proceeds of the sale of the Bonds and other available moneys of the City, if any, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the underwriters listed on the cover page hereof (the "Underwriters") thereof the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. **Such maturing principal of and interest on the Federal Securities will not be available to make debt service payments on the Bonds** (see "OTHER INFORMATION - VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement sufficient to pay the redemption price of the Refunded Obligations on their respective redemption dates, the City will have effected the defeasance of all of the Refunded Obligations in accordance with State law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or revenues nor for the purpose of applying any limitation on the issuance of debt.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF PROCEEDS

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

THE BONDS

Sources of Funds	
Par Amount	
Original Issue Premium	
Transfer from Debt Service Fund	
Total Uses of Funds	$ -
Use of Funds	
Deposit to Project Fund	
Deposit to Escrow Fund	
Deposit to Interest and Sinking Fund	
Underwriters' Discount	
Cost of Issuance	
Total Uses of Funds	$ -

THE CERTIFICATES

Sources of Funds	
Par Amount	$ -
Original Issue Premium	-
Additional Proceeds	-
Total Uses of Funds	$ -
Use of Funds	
Deposit to Project Fund	$ -
Deposit to Interest and Sinking Fund	-
Underwriters' Discount	-
Cost of Issuance	-
Total Uses of Funds	$ -

THE OBLIGATIONS

GENERAL DESCRIPTION

The Obligations will bear interest from the date of delivery to the Underwriters, and mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Obligations will accrue from the date of delivery, and will be payable on February 15, 2014, 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 Chapters 1251, 1207, 1331 and 1371, Texas Government Code, as amended; an election held November 4, 2008 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 Chapter 1371, Texas Government Code and 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 an annual continuing direct annual ad valorem tax levied by the City sufficient to provide for the payment of principal of and interest on all obligations (including the Obligations) payable in whole or in part from ad valorem taxes, which tax must be levied within limits prescribed by law.

The Obligations are secured by and payable from an annual continuing 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.

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 annual ad valorem property 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, 2023, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2022, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City shall determine the Obligations, or portions thereof, within such maturity to be redeemed. If Obligations (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligations (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.

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

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 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, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor and the Underwriters cannot and do 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 maturity, and will be deposited with DTC.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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, principal and interest 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 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.

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 Underwriters.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In each 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 Obligations of either series 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 of either series. 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 45 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 an 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 provide that "Defeasance Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any securities and obligations now or hereafter authorized by Texas law that are eligible to refund, retire or otherwise discharge obligations such as the Obligations. 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 reinvestment 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

The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Obligations including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances 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 Obligations 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 and accordingly all legal actions to enforce such remedies would have to undertaken of the initiative of, and be financed by, the registered owners of the Obligations. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia,* 197 S.W.3d325 (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, registered 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. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered 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.

TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the City is the responsibility of the Brazos Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under 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. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, (b) the appraised value of the property for the preceding tax year and (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the 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 addition State law mandates a complete exemption for the residential homestead of disabled veterans determined to be 100% disabled by the U.S. Department of Veterans Affairs. Further, effective January 1, 2012, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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. Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Pursuant to changes enacted in 2011, all taxing units, including those that have previously taken official action to tax goods-in-transit, may not tax goods-in-transit in the 2012 tax year or thereafter, unless the governing body of the taxing unit holds a public hearing and takes action on or after October 1, 2011, to provide for the taxation of the goods-in-transit. After holding a public hearing, a taxing unit may take official action prior to January 1 of the first tax year in which the governing body proposes to tax goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created. On December 8, 2011, the Council passed an ordinance approving taxation on certain goods-in-transit.

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.

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.

A petition was submitted and an election was held on May 10, 2008. The voters of College Station voted to approve the ad valorem tax freeze. The City can provide no assurances of the impact, if any, implementation of this ad valorem tax freeze may have on the City's finances.

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.

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 rate 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. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recent published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. 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 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"). An election was held on May 10, 2008 and the voters of College Station approved the ad valorem tax freeze for residential homesteads for disabled and age 65 or older persons. Brazos County collects the taxes for the City.

TAX ABATEMENT POLICY

The City has established tax abatement guidelines and criteria for economic development prospects in the City of College Station. In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement:

1. Must be expected to have an increased appraised ad valorem tax value of at least $1,000,000 based upon the Brazos Central Appraisal District's assessment of the eligible property.
2. Must be expected to prevent the loss of payroll or retain, increase or create a payroll on a permanent basis in College Station, Texas.

The following factors among others should be considered in determining whether to grant tax abatement and, if so, the percentage of value to be abated and the duration of the tax abatement:

1. Value of land and existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number of type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether persons residing or projected to reside within the City will have the opportunity to fill the new jobs being created;
8. Amount of local taxes to be generated directly;
9. Amount of property tax base valuation which will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than $1,000,000;
10. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements;
11. The amount of ad valorem taxes to be paid to the City during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the value after expiration of the abatement period;
12. The population growth of the City that occurs directly as result of new improvements;
13. The types of public improvements, if any, to be made by the applicant seeking abatement;
14. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
15. The impact on the business opportunities of existing businesses;
16. The attraction of other new businesses to the area;
17. The overall compatibility with the zoning ordinances and comprehensive plan for the area; and/or
18. Whether the project is environmentally compatible with no negative impact on quality of life perceptions.

Neither a Reinvestment Zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government service or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals;
4. Violation of other code or laws;
5. The agreement was signed after the commencement of construction, alteration or installation of improvements related to the project; or
6. Any other reason deemed appropriate by the City Council

ECONOMIC DEVELOPMENT PROGRAMS

The City has exercised the authority granted to Texas cities by Article III, Section 52-a of the State Constitution and Chapter 380, Texas Local Government Code, to establish a program to loan or grant public funds for the purpose of stimulating business and commercial activity in the City. The City and the City of Bryan, Texas have entered into an "Interlocal Cooperation and Joint Development Agreement" (the "Interlocal Agreement") in connection with implementing a joint economic development program known as the Joint Research Valley BioCorridor Development Project (the "Project"). Under the terms of the Interlocal Agreement, the City will make funds available to the City of Bryan, and the City of Bryan will make funds available to the City, for certain defined public infrastructure projects that are intended to enhance development of the Project. The obligations of each city under the Interlocal Agreement shall not constitute a debt for purposes of any provision of the State Constitution, and are intended to be paid from the general revenues of each city.

[Remainder of Page Intentionally Left Blank]

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2012/2013 Market Valuation Established by Brazos Central Appraisal District (excluding exempt property)		$ 6,168,789,302
Less Exemptions/Reductions at 100% Market Value:		
Productivity Loss	$ 112,516,988	
Over 65 Homestead Exemptions	72,872,635	
Community Housing Development Organization	4,651,299	
House Bill 366	164,493	
Freeport	10,308,992	
Homestead Cap Adjustment	10,992,194	
Disabled Veteran	12,675,737	
Proration	293,977	224,476,315
2012/2013 Taxable Assessed Valuation		$ 5,944,312,987
Debt Payable from Ad Valorem Taxes (as of 6/1/2013)(1)		
Certificates of Obligation, Series 2005(1)*	215,000	
General Obligation Improvement Bonds, Series 2005(1)*	230,000	
General Obligation Refunding Bonds, Series 2006	6,575,000	
Certificates of Obligation, Series 2006	5,460,000	
General Obligation Improvement Bonds, Series 2006	5,175,000	
Certificates of Obligation, Series 2007	2,310,000	
General Obligation Improvement Bonds, Series 2007	2,295,000	
Certificates of Obligation, Series 2008	21,010,000	
General Obligation Improvement Bonds, Series 2008	7,000,000	
General Obligation Refunding Bonds, Series 2009	4,870,000	
Certificates of Obligation, Series 2009	22,790,000	
General Obligation Improvement Bonds, Series 2009	2,905,000	
General Obligation Refunding Bonds, Series 2010	31,420,000	
Certificates of Obligation, Series 2010	2,870,000	
General Obligation Improvement Bonds, Series 2010	17,315,000	
Certificates of Obligation, Series 2011	7,375,000	
General Obligation Improvement Bonds, Series 2011	1,030,000	
Certificates of Obligation, Series 2012	15,925,000	
General Obligation Improvement and Refunding Bonds, Series 2012	19,365,000	
The Bonds*	20,270,000	
The Certificates*(2)	9,735,000	206,140,000
Less: Self Supporting Debt(1)(3)		$ 109,634,864
Less: Interest and Sinking Fund as of 9/30/2012(4)		3,802,443
Net Debt Payable from Ad Valorem Taxes		$ 92,702,693
Ratio of Ad Valorem Net Tax Debt to Taxable Assessed Valuation		1.56%

2013 Estimated Population - 98,180
Per Capita Taxable Assessed Valuation - $60,545
Per Capita net Funded Debt - $944

* Preliminary, subject to change.
(1) Excludes the Refunded Obligations.
(2) A portion of the Certificates will be internally allocated by the City as being payable from the surplus revenues from the respective enterprise funds. Approximately $7,735,000 of the proceeds of the Certificates will pay for improvements to the City's electric system and approximately $1,875,000 will pay for improvements in the City's wastewater system. The debt service on this portion of the Certificates will be internally allocated by the City as being payable from the surplus revenues from the respective enterprise funds. Although the City expects to pay for this portion of the Certificates with surplus enterprise funds, the Certificates are secured solely by a pledge of ad valorem taxes and by a pledge of combined utility system surplus net revenues limited to $1,000. See "THE OBLIGATIONS- SECURITY AND SOURCE OF PAYMENT." There is no guarantee that payments from these enterprise funds will be made. If payments are not made from the enterprise funds, the City will be required to levy ad valorem taxes in amounts sufficient to make such payments.
(3) In the past, the City has sold certificates of obligation to finance projects for the City's water and sewer system, and electric system and has internally allocated portions of this debt as payable from the respective enterprise funds. The self-supporting amounts listed above are projections of debt that is expected to be retired by the City based on actual historical payments from these funds to pay for debt service the outstanding certificates of obligation. There is no guarantee that payments from these funds will continue in the future. Includes a portion of the Obligations. See "DEBT INFORMATION – TABLE 10 – SELF SUPPORTING DEBT."
(4) [The outstanding portion of the Certificates of Obligation, Series 2009, supported by the Convention Center, have been paid for in full as one transfer in the amount of 157,979.48 to the Interest and Sinking Fund. That amount will be used to pay off future payments of the Certificates of Obligation, Series 2009 supported by the Convention Center.]

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value, Fiscal Year Ending September 30,					
	2013		2012		2011	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 3,277,087,380	53.12%	$ 3,169,329,494	53.29%	$ 3,008,625,229	53.27%
Real, Residential, Multi-Family	1,070,207,772	17.35%	996,353,707	16.75%	965,909,631	17.10%
Real, Vacant Lots/Tracts	118,939,480	1.93%	115,085,384	1.93%	113,005,459	2.00%
Real, Acreage (Land Only)	171,879,670	2.79%	183,146,931	3.08%	152,872,161	2.71%
Real, Farm and Ranch Improvements	22,726,592	0.37%	18,078,677	0.30%	17,561,011	0.31%
Real, Commercial/Industrial	1,121,943,869	18.19%	1,088,046,209	18.29%	1,032,016,904	18.27%
Real, Oil, Gas & Other Mineral Reserves	5,391,913	0.09%	5,982,912	0.10%	6,676,457	0.12%
Real and Tangible Personal, Utilities	35,139,050	0.57%	39,148,700	0.66%	39,468,220	0.70%
Tangible Personal, Business	309,881,970	5.02%	298,432,950	5.02%	281,551,650	4.98%
Tangible Personal, Other	2,217,020	0.04%	2,232,990	0.04%	2,264,960	0.04%
Real Property Inventory	23,728,660	0.38%	23,307,800	0.39%	21,258,188	0.38%
Special Inventory	8,851,423	0.14%	8,004,300	0.13%	7,113,630	0.13%
Exempt Property Adjustment	794,503	0.01%	449,950	0.01%	-	0.00%
Total Appraised Value Before Exemptions	$ 6,168,789,302	100.00%	$ 5,947,600,004	100.00%	$ 5,648,323,500	100.00%
Less: Total Exemptions/Reductions	224,476,315		208,985,002		192,891,039	
Taxable Assessed Value	$ 5,944,312,987		$ 5,738,615,002		$ 5,455,432,461	

	Taxable Appraised Value, Fiscal Year Ending September 30,			
	2010		2009	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 2,887,801,921	51.63%	$ 2,659,452,105	51.18%
Real, Residential, Multi-Family	953,349,494	17.05%	853,608,672	16.43%
Real, Vacant Lots/Tracts	99,960,600	1.79%	93,840,960	1.81%
Real, Acreage (Land Only)	153,251,021	2.74%	132,853,830	2.56%
Real, Farm and Ranch Improvements	19,005,291	0.34%	14,230,530	0.27%
Real, Commercial/Industrial	1,058,340,988	18.92%	1,039,652,110	20.01%
Real, Oil, Gas & Other Mineral Reserves	5,595,938	0.10%	5,238,059	0.10%
Real and Tangible Personal, Utilities	37,016,190	0.66%	40,912,980	0.79%
Tangible Personal, Business	336,024,109	6.01%	333,340,802	6.41%
Tangible Personal, Other	2,341,500	0.04%	2,397,820	0.05%
Real Property Inventory	31,792,970	0.57%	12,556,380	0.24%
Special Inventory	8,270,790	0.15%	8,615,640	0.17%
Exempt Property Adjustment	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 5,592,750,812	100.00%	$ 5,196,699,888	100.00%
Less: Total Exemptions/Reductions	201,959,811		172,545,675	
Taxable Assessed Value	$ 5,390,791,001		$ 5,024,154,213	

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

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[(1)]	Taxable Assessed Valuation[(2)]	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt[(3)]	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation	Net G.O. Tax Debt Per Capita
2008	89,140	$ 4,477,073,139	$ 50,225	$ 100,660,000	2.25%	$ 1,129
2009	91,298	5,024,154,213	55,030	97,720,000	1.95%	1,070
2010	93,991	5,390,791,001	57,354	107,570,000	2.00%	1,144
2011	94,669	5,455,432,461	57,626	99,140,000	1.82%	1,047
2012	97,888	5,738,615,002	58,624	96,390,000	1.68%	985
2013	98,180	5,944,312,987	60,545	96,505,136 (4)	1.62% (4)	983 (4)

(1) Source: The City.
(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.
(3) Payable from ad valorem taxes. Does not include self-supporting debt.
(4) Projected, includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.

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
2008	$ 0.4394	$ 0.1933	$ 0.2461	$ 19,973,882	98.99%	98.99%
2009	0.4394	0.1934	0.2460	22,076,134	98.73%	99.93%
2010	0.4394	0.2100	0.2294	23,623,086	97.93%	98.49%
2011	0.4475	0.2273	0.2202	24,304,840	99.31%	99.76%
2012	0.4380	0.2365	0.2015	25,043,183	99.10%	99.83%
2013	0.4307	0.2351	0.1956	25,518,199	89.97% (1)	90.53% (1)

(1) Collections as of May 31, 2013.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2012/2013 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Post Oak Mall - College Station, LLC	Retail	$ 57,025,440	0.96%
College Station Hospital L.P.	Medical	56,167,890	0.94%
SHP - The Callaway House LP	Apartments	48,525,670	0.82%
BVP 2818 Place LP	Apartments	41,197,320	0.69%
Wal-Mart Real Estate Business Trust	Retail	40,765,700	0.69%
SW Meadows Point LP	Apartments	40,102,200	0.67%
Woodlands of College Station LP	Apartments	39,816,500	0.67%
Jefferson Enclave LP	Apartments	39,607,120	0.67%
Jamespoint Management	Housing	39,165,800	0.66%
Weinberg, Isreal & David Alkosser	Housing	38,103,080	0.64%
		$ 440,476,720	7.41%

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 Tax Supported Principal and Interest Requirements (2013)	$ 11,862,388 (1)
$0.20158 Tax Rate at 99% Collection Produces	$ 11,862,721
Net Average Tax Supported Principal and Interest Requirements (2013-2033)	$ 6,543,847 (1)
$0.11120 Tax Rate at 99% Collection Produces	$ 6,543,975

(1) Includes the Obligations and excludes the Refunded Obligations and self supporting debt. Interest has been estimated for the purpose of illustration. Preliminary, subject to change.

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 Central 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.

	2012/2013 Taxable Assessed Value	2012 Tax Rate	Total Tax Debt as of 6/1/2013	Estimated % Applicable	City's Overlapping Tax Debt as of 6/1/2013
City of College Station	$ 5,944,312,987	0.4307	$ 96,505,136 (1)	100.00%	$ 96,505,136
Brazos County	11,950,789,417	0.4850	98,640,000	52.82%	52,101,648
Bryan ISD	5,449,763,905	1.2900	143,545,000	2.08%	2,985,736
College Station ISD	6,027,417,818	1.3350	217,865,000	87.91%	191,525,122
Total Direct and Overlapping Funded Tax Debt					$ 343,117,642
Ratio of Direct and Overlapping Funded Tax Debt to Taxable Assessed Valuation					5.772%
Per Capita Overlapping Funded Tax Debt					$ 3,495

Source: Municipal Advisory Council of Texas.
(1) Projected, includes the Obligations and excludes self supporting debt. Preliminary, subject to change.

DEBT INFORMATION

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

Year End 9/30	Total Outstanding Debt	Less: The Refunded Obligations	The Bonds*			The Certificates*			Less: Self-Supporting Debt Service[2]	Total Net Tax Supported Debt Service Requirements
			Principal	Interest[1]	Total	Principal	Interest[1]	Total		
2013	$ 22,148,974	$ 125,531							$ 10,161,055	$ 11,862,388
2014	20,988,244	251,063	$ 475,000	$ 875,209	$ 1,350,209	$ 305,000	$ 402,847	$ 707,847	11,225,199	11,570,037
2015	20,094,834	716,563	1,400,000	810,145	2,210,145	330,000	375,134	705,134	11,176,642	11,116,909
2016	19,731,319	638,763	1,365,000	775,670	2,140,670	340,000	366,734	706,734	11,220,712	10,719,248
2017	19,306,891	646,663	1,375,000	727,695	2,102,695	355,000	354,534	709,534	10,988,427	10,484,030
2018	17,997,531	653,272	1,295,000	667,820	1,962,820	365,000	338,309	703,309	10,592,527	9,417,861
2019	17,012,686	663,472	1,210,000	611,245	1,821,245	385,000	321,484	706,484	10,502,592	8,374,351
2020	17,073,636	667,213	1,270,000	555,295	1,825,295	405,000	303,659	708,659	10,540,683	8,399,694
2021	15,608,327	679,369	1,350,000	496,545	1,846,545	425,000	285,034	710,034	10,245,013	7,240,524
2022	13,258,444	684,778	1,425,000	433,920	1,858,920	440,000	265,534	705,534	8,285,709	6,852,411
2023	12,287,703	688,528	1,505,000	360,670	1,865,670	465,000	242,909	707,909	7,282,298	6,890,455
2024	11,551,619	695,450	1,590,000	283,295	1,873,295	490,000	219,034	709,034	6,931,566	6,506,932
2025	10,586,031	700,413	1,685,000	201,420	1,886,420	515,000	193,909	708,909	6,374,091	6,106,856
2026	9,929,668		475,000	147,420	622,420	540,000	167,534	707,534	5,764,360	5,495,261
2027	8,879,326		495,000	127,501	622,501	560,000	144,934	704,934	5,786,580	4,420,181
2028	8,456,304		510,000	110,851	620,851	580,000	126,046	706,046	5,802,218	3,980,984
2029	5,856,726		530,000	92,970	622,970	605,000	105,671	710,671	4,584,789	2,605,579
2030	3,661,610		545,000	74,158	619,158	620,000	84,234	704,234	2,671,088	2,313,914
2031	1,996,436		570,000	54,289	624,289	645,000	61,693	706,693	2,460,848	866,570
2032	1,407,575		590,000	33,264	623,264	670,000	37,859	707,859	1,871,234	867,464
2033			610,000	11,285	621,285	695,000	12,858	707,858		1,329,143
	$ 257,833,882	$ 7,811,075	$20,270,000	$ 7,450,666	$27,720,666	$ 9,735,000	$4,409,946	$14,144,946	$ 154,467,629	$ 137,420,791

* Preliminary, subject to change
(1) Interest has been estimated at current market rates for the purpose of illustration.
(2) Includes a portion of the Obligations. See "TABLE 10 – SELF SUPPORTING DEBT" and the accompanying footnotes.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Total Net Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2013		$ 11,862,388 (1)
Interest and Sinking Fund, September 30, 2012(2)	$ 3,802,443	
Calcuated Interest and Sinking Fund Tax Levy @ 99% Collection	11,979,931	
Budgeted Investment Earnings	50,000	15,832,374
Estimated Balance, September 30, 2013		$ 3,969,985

(1) Includes the Obligations and excludes self-supporting debt. Preliminary, subject to change.
(2) [The outstanding portion of the Certificates of Obligation, Series 2009, supported by the Convention Center, have been paid for in full as one transfer in the amount of 157,979.48 to the Interest and Sinking Fund. That amount will be used to pay off future payments of the Certificates of Obligation, Series 2009 supported by the Convention Center.]

TABLE 10 – SELF-SUPPORTING DEBT*

Year End 9/30	Electric Fund(1)	Wastewater Fund (2)	Water Fund(3)	Convention Center(4)	Landfill(4)	Parking Garage(5)	Total Self-Supporting Debt Service (6)
2013	$ 3,598,953	$ 2,910,882	$ 2,782,611	$ 4,599	$ 397,710	$ 466,300	$ 10,161,055
2014	4,425,694	2,981,803	2,949,681	4,599	400,960	462,463	11,225,199
2015	4,391,887	2,642,143	3,262,802	9,524	403,910	466,375	11,176,642
2016	4,417,701	2,653,629	3,269,523	9,374	406,560	463,925	11,220,712
2017	4,290,861	2,651,522	3,172,835	43,599	359,135	470,475	10,988,427
2018	4,291,452	2,578,153	3,123,851	12,724	361,610	224,738	10,592,527
2019	4,279,985	2,523,543	3,100,781	12,361	363,448	222,475	10,502,592
2020	4,293,248	2,535,402	3,116,224	7,074	364,335	224,400	10,540,683
2021	4,305,447	2,493,273	3,074,885	6,874	364,535	-	10,245,013
2022	4,262,582	1,591,111	2,061,007	6,674	364,335	-	8,285,709
2023	4,030,610	1,240,903	1,640,749	6,471	363,566	-	7,282,298
2024	3,680,452	1,231,693	1,646,219	6,261	366,941	-	6,931,566
2025	3,371,108	964,025	1,664,543	6,030	368,385	-	6,374,091
2026	3,117,068	966,495	1,306,208	5,793	368,798	-	5,764,360
2027	3,131,769	968,309	1,311,649	5,568	369,285	-	5,786,580
2028	3,139,246	969,393	1,324,026	5,343	364,210	-	5,802,218
2029	2,632,388	802,770	776,236	5,115	368,280	-	4,584,789
2030	1,664,831	798,750	207,506	-	-	-	2,671,088
2031	1,475,485	780,613	204,750	-	-	-	2,460,848
2032	1,118,883	547,351	205,000	-	-	-	1,871,234
	$ 69,919,648	$ 34,831,763	$ 40,201,085	$ 157,979	$ 6,356,003	$ 3,001,150	$ 154,467,629

* Preliminary, subject to change.
(1) Includes a portion of the City's Certificates of Obligation, Series 2004, Series 2008, Series 2009, Series 2010, Series 2011, Series 2012, a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012 and a portion of the Obligations.
(2) Includes a portion of the City's Certificates of Obligation, Series 2004, Series 2008, Series 2010, Series 2011, Series 2012 a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012 and a portion of the Obligations.
(3) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2008, Series 2009, Series 2012 a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012 and a portion of the Obligations.
(4) Includes a portion of the City's Certificates of Obligation, Series 2009. $2,305,000 of the Certificates of Obligation, Series 2009 was defeased from the Convention Center portion on December 1, 2011. [The remainder of the Convention Center portion will be paid for by the Interest and Sinking Fund from a lump sum transfer in the amount of 157,979.48 from the Convention Center fund.]
(5) Includes the Fiscal Year 2010 debt service payment of the City's Certificates of Obligation, Series 2000A and a portion of the City's General Obligation Refunding Bonds, Series 2009.
(6) 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	(1)	Fire Substation Building	$ 700,000	$ -	$ -	$ 700,000
1/24/1984	(1)	Street Improvements	6,325,000	5,825,000	-	500,000
11/4/2003		Municipal Complex Improvements	7,610,000	3,955,000	-	3,655,000
11/4/2008		Street Improvements	48,785,000	16,360,000	6,525,000	25,900,000
11/4/2008		Library Improvements	8,385,000	-	-	8,385,000
11/4/2008		Park Improvements	12,790,000	3,840,000	2,725,000	6,225,000
			$ 84,595,000	$ 29,980,000	$ 9,250,000	$ 45,365,000

(1) Contains projects which may have been completed or abandoned; therefore, the remaining authorized but unissued bonds are not likely to ever be issued.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The City has no firm plans for the issuance of additional general obligation debt payable from ad valorem taxes within the next twelve months.

OTHER OBLIGATIONS

Currently, 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" - Section V - Note D.)

The City recently received the contribution rates for Plan Year 2013 from TMRS as determined by the December 31, 2011 actuarial valuation .On September 13, 2012, Council approved revisions to the City's TMRS Ordinance. The revisions include a reduction in the updated service credits (USC) for current employees and a reduction in the Annuity Increase Cost of Living Adjustment (COLA) for retirees. The City's contributions rate of 13.75% became effective January 1, 2013. The funding status as of December 31, 2011 is as follows:

	12/31/2011
Actuarial Value of Assets	$ 159,366,251
Actuarial Accrued Liability (AAL)	203,122,476
Percent of Pension Benefit Obligation	78.46%
Unfunded Actuarial Accrued Liability (UAAL)	$ 43,756,225
Annual Covered Payroll	41,553,358
Percent of Covered Payroll	105.30%
Estimated Employer Contribution	$ 7,506,378

OTHER POST EMPLOYMENT BENEFITS

PROGRAM DESCRIPTION . . . In addition to pension benefits, as required by state laws and defined by City policy, the City makes available postretirement medical, dental, vision, drug and life insurance benefits to all employees who meet TMRS retirement qualifications, retire from the City and who enroll themselves and their eligible dependent(s) on or before the effective date of their retirement through the City's single-employer defined benefit other post-employment benefit (OPEB) plan. The life insurance plan provides a $10,000 fully insured death benefit coverage upon retirement which ceases upon attainment of age 65 for retirees. So long as monthly premium payments are made, the healthcare plan provides lifetime insurance to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members. Benefit provisions as well as retiree premium contributions are established by management.

The City determines the employer and participant contribution rates annually based on recommendations of City staff and the City's consultant. All medical, dental, vision and drug care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Life insurance for eligible retirees is paid entirely by the City.

During fiscal year 2012, 29 former employees were covered under this arrangement, with claims totaling $141,585.

ANNUAL OPEB COST AND NET OPEB OBLIGATION . . . The City's annual OPEB cost is based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Despite the apparent implications of the term ARC, the City is not required to contribute the ARC to the plan each year, Instead, the ARC provides a basis for evaluating whether the City's contributions for OPEB are adequate to fund the benefits during the working lifetime of current employees (i.e., the normal cost) and to amortize existing unfunded obligations (i.e., the obligations for current retirees plus that portion of the current employees' obligations that are attributed to past service) in a systematic manner over the amortization period prescribed by GASB.

The annual OPEB cost is the annual accounting expense recorded on the City's Statement of Revenues, Expenses and Changes in Net Assets and on the City's Statement of Activities. The annual OPEB cost is equal to (1) the ARC for the current fiscal year, plus (2) interest on the Net OPEB Obligation at the beginning of the year, reduced by (3) an adjustment to the ARC which is equal to an amortization of the beginning of the year Net OPEB Obligation. The City terminated its Borrowed Employee Agreement with BVSWMA, Inc. Therefore, the related OPEB obligation of $134,385 was removed.

	2010	2011	2012
Annual Required Contribution (ARC)	$ 2,438,554	$ 1,850,510	$ 1,360,907
Interest on Net OPEB Obligations	131,799	211,750	276,044
Adjusted to the ARC	(150,551)	(262,374)	(342,039)
Annual OPEB Cost	2,419,802	1,799,886	1,294,912
Contributions Made	(381,459)	(513,998)	(141,585)
Increase in net OPEB obligation	$ 2,038,343	$ 1,285,888	$ 1,153,327
Net OPEB Obligation, beginning of year	2,196,647	4,234,990	5,520,878
Net OPEB Obligation, end of year	$ 4,234,990	$ 5,520,878	$ 6,674,205

Three-Year Trend Information

Fiscal Year Ended 9/30	Annual OPEB Costs	Actual Contribution Made	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2010	$2,419,802	$ 381,459	15.76%	$4,234,990
2011	1,799,886	513,998	28.56%	5,520,878
2012	1,294,912	141,585	10.93%	6,674,205

Generally, the Net OPEB Obligation is the cumulative difference since the effective date of GASB 45 between the annual OPEB cost and the employer's contributions to the plan including the OPEB liability/(asset) at transition, if any. Because the City did not have an OPEB liability/(asset) at transition, the Net OPEB Obligation as of October 1, 2008 is zero. Whenever the City contributes an amount less than the annual OPEB cost, this shortfall will increase the City's Net OPEB Obligation.

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

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. GASB No. 45 calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.

Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

The required contribution rates were determined as part of the October 1, 2010 actuarial valuation. Significant methods and assumptions follow:

Actuarial valuation date	10/1/2010
Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level dollar
Remaining Amortization Period:	30 year open period
Amortization Period for New Gains/Losses	30 years
Asset Valuation Method:	Market
Actuarial Assumption:	
Investment Rate of Return*	5.00%
*Includes Inflation at:	4.00%
Projected Salary Increases	N/A
Annual Healthcare Trend Rates:	8.50% in FYE 2011 declining to 5.00% in FYE 2018

FUNDING STATUS AND FUNDING PROGRESS . . . The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates. As of the date of this financial statement, the City has had two valuations, that for the fiscal year beginning October 1, 2008, and one for the fiscal year beginning October 1, 2010.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (AAL)	Annual Covered Payroll (Fiscal Year)	UAAL as Percentage of Covered Payroll
10/1/2008	$ -	$ 15,244,888	0.00%	$ 15,244,888	$41,019,952	37.16%
10/1/2010	-	13,868,768	0.00%	13,868,768	43,000,000	32.25%
10/1/2010 (1)		9,356,116	0.00%	9,356,116	43,000,000	21.76%

(1) The plan was changed effective January 1, 2012 to eliminate post-65 medical coverage and was changed effective January 1, 2013 to eliminate one of the PPO benefit options. While the plan typically undergoes a biennial valuation, pursuant to paragraph 12 of GASB 45, a new valuation must be performed if there are significant changes to the plan since the previous valuation. For the fiscal year ending September 30, 2012, a new actuarial valuation incorporating these changes to the plan provisions was performed using October 1, 2010 valuation date.

There are factors that affect the ability to compare amounts reported from one actuarial valuation date to the next. The assumptions that have been changed since the previous valuation are:

- the Discount Rate has been updated to reflect changes in the allocation of assets of the employer and the expected return on such assets;

- the Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect changes in claims and expense expectations; and

- the Health Benefit Cost Trend and Expense Trend have been updated to reflect changes in short-term expectations of the annual rate of increase of the Assumed Per Capita Health Benefit Costs.

Two separate valuations, each of which used the October 1, 2010 valuation date, were used to develop results for the fiscal years ending September 30, 2011 and September 30, 2012.

At September 30, 2012, the City's actuarial accrued liability for OPEB benefits was $9,356,116, all of which was unfunded.

FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
Revenues:					
Taxes	$ 37,527,211	$ 35,236,521	$ 33,134,813	$ 31,662,441	$ 30,984,741
Licenses & Permits	1,496,424	1,054,986	964,344	1,007,151	1,154,902
Intergovernmental	520,948	589,326	795,750	829,506	536,215
Charges for Services	2,296,105	2,539,881	4,043,200	2,922,495	3,149,076
Fines, Forfeits and Penalties	3,636,209	3,823,406	3,817,193	3,589,478	3,412,827
Special Assessments	-	-	-	-	914
Investment Income	88,684	92,017	69,379	235,181	593,514
Rents & Royalties	686,729	589,528	749,635	292,660	279,004
Contributions	20,168	33,995	15,366	22,725	25,046
Reimbursed Expenditures	-	-	-	358,756	426
Other	287,796	75,339	139,644	153,859	159,477
Total Revenues	$ 46,560,274	$ 44,034,999	$ 43,729,324	$ 41,074,252	$ 40,296,142
Expenditures:					
General Government	$ 4,189,987	$ 5,021,221	$ 4,098,364	$ 4,763,622	$ 6,187,469
Fiscal Services	2,871,677	2,997,993	3,086,275	3,161,357	3,411,717
Police Department	15,465,837	14,890,520	13,724,355	14,083,071	13,219,117
Fire Department	12,578,396	11,444,702	11,414,188	11,754,088	11,251,400
Planning & Development Services	3,523,742	3,298,725	2,456,322	2,803,512	2,281,747
Parks and Recreation	4,329,869	6,602,097	8,295,138	8,785,858	8,985,860
Information Technology	3,844,107	648,589	3,886,102	3,298,479	3,366,764
Public Works	5,884,577	5,021,642	6,099,189	6,495,104	7,157,121
Library Services	1,072,551	3,901,721	1,080,030	1,119,771	993,102
Claims	-	1,061,581	1,600,000	-	-
Reimbursed Administrative	- (1)	- (1)	- (1)	- (1)	(6,497,466)
Contributions	937,813	-	783,883	790,262	657,592
Other	183,530	736,192	327,210	385,178	173,637
Capital Improvement Projects	788,032		129,005	476,462	715,707
Total Expenditures	$ 55,670,118	$ 56,171,633	$ 56,980,061	$ 57,916,764	$ 51,903,767
Other Financing Sources (Uses):					
Sale of General Fixed Assets	-	8,690	$ 5,615	$ 5,606	$ 10,981
Operating Transfers In	15,539,293	16,065,942	15,786,796	15,047,102	11,591,668
Operating Transfers Out	(4,329,789)	(3,360,822)	-	(9,700)	(942,224)
Total Other Financing Sources (Uses)	$ 11,209,504	$ 12,713,810	$ 15,792,411	$ 15,043,008	$ 10,660,425
Net Change in Fund Balance	$ 2,099,660	$ 577,176	$ 2,541,674	$ (1,799,504)	$ (947,200)
Fund Balance, Beginning of Year	14,393,057	13,815,881	11,274,207 (3)	11,177,933 (2)	12,932,589
Fund Balance, End of Year	$ 16,492,717	$ 14,393,057	$ 13,815,881	$ 9,378,429	$ 11,985,389

Source: The City's audited financial statements.

(1) Reimbursed Administrative expenses are now being taken against the appropriate department expenditures.

(2) Beginning Fund Balance differ from Fiscal Year 2008 Ending Fund Balance due to the reclassification of the Court Security Fund, Efficiency Time Payment Fund and Police Seizure as Special Revenue Fund. The funds are considered special revenue funds since they are restricted by specific legislation.

(3) Restated.

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the 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 (½of 1%) for property tax reduction. The total sales tax rate for the City is 1.5%.

Fiscal Year Ended 9/30	Total Collected (1)	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita(3)
2008	$ 19,822,906	99.24%	$ 0.44	$ 222
2009	19,438,179	88.05%	0.39	213
2010	19,328,578	81.82%	0.36	206
2011	20,292,871	83.49%	0.37	214
2012	21,498,319	85.84%	0.38	220
2013	13,545,493 (2)	53.08%	0.23	138

(1) Provided by the City.
(2) As of April 30, 2013.
(3) Based on population estimates provided by the City.

FINANCIAL POLICIES

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 is 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 2012-2013 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.

THE COMBINED UTILITY SYSTEM

WATERWORKS SYSTEM

Since December 1981, the City has had the capability to produce and deliver 100% of its water. The system has been expanded to a system of nine wells, with a combined capacity of 29 million gallons per day. The water is delivered to the distribution system by 14 miles of 30-inch diameter and 36 inch diameter pipeline and two pumping stations. These pipelines will be fully redundant once TxDoT completes the Villa Maria / 2818 overpass and the City completes the pipeline re-routing necessary to accommodate the overpass.

Two of the wells mentioned above are shallow wells, less than 1,500 feet, drilled into the Carrizo and Sparta aquifers. The remaining six are deep wells, approximately 3,000 feet, drilled in the Simsboro Sand formation of the Carrizo-Wilcox aquifer. 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 2060, and well beyond, if managed properly.

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 drilling Simsboro Well #8, which was placed in service before the high demand summer season of 2011. A Drilling/Operating Permit application has been filed with the Groundwater District for the City to drill Simsboro Wells #9 and #10. Well #9 is planned for completion in 2017 to meet projected demands for water. Well #10 would be constructed later, depending upon the growth of water demands.

The City has completed a Water Reclamation project, which pumps effluent from the wastewater treatment plant up to Veteran's Park for irrigation of playing fields, reducing the demand on the potable water system by approximately 350,000 gallons per day.. Additional phases of the reclaimed water system are in the planning stages.

The City also has stand by generators at strategic locations sufficient to provide adequate potable water for health and safety during and extended electrical power outage.

Water rates were established by ordinance, passed and approved by the City Council, and became effective October 1, 2010. The Residential rates are inclined block rates to encourage water conservation.

Type of Customer	Usage Charge (per 1,000 gallons)	Service Charge	Meter Size
Residential, Commercial and Industrial		$ 10.19 per mo.	5/8"
		10.19 per mo.	3/4"
		12.78 per mo.	1"
		19.03 per mo.	1 1/2"
		30.05 per mo.	2"
		94.84 per mo.	3"
		140.90 per mo.	4"
		171.53 per mo.	6"
Residential	$2.26 for usage from 0-10,000 gallons		
	$2.94 for usage from 11,000-15,000 gallons		
	$3.61 for usage from 16,000-20,000 gallons		
	$4.28 for usage from 21,000-25,000 gallons		
	$4.96 for usage from 26,000 gallons and more		
Commercial and Industrial	$2.49 per 1,000 gallons		
Commercial Irrigation Usage Charge	$2.68 per 1,000 gallons		

WASTEWATER SYSTEM

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

Sewer rates were established by ordinance, passed and approved by the City Council, and became effective on October 1, 2012.

Residential (metered water)	$18.78 including 4,000 gallons of metered water
Usage Charge	$3.76 per 1,000 gallons of additional metered water
	$41.34 maximum per month
Residential (without meter to each unit)	$23.89 per unit per month
Commercial and Industrial	$16.11 per month
Usage Charge	$4.44 per 1,000 gallons of metered water usage

ELECTRIC SUPPLY SOURCE

The City began purchasing power from American Electric Power (AEP) Energy Partners, Inc. on February 1, 2003. The City's contracts provide for base load power through 2027 and for intermediate load power through the end of 2014. The variable components for purchased power are the costs for additional power needed above the contracted load shape, congestion charges through the transmission grid, and ancillary charges from the ERCOT System. The City continues to pay transmission charges to a number of outside utility systems at current Public Utility Commission of Texas defined rates.

The City is served through the Electric Reliability Council of Texas (ERCOT) transmission grid, and owns 20 miles of 138kV transmission lines, six substations, and 400 miles of distribution lines.

The current electric rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2010. The 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, 2007. It is currently set at $0.005 per kilowatt hour of energy consumed.

In January 2009, College Station Utilities began offering residential electric customers renewable wind energy. In February 2010, the renewable wind energy program was expanded to include commercial customers. Wind energy is generated from the South Trent Mesa Wind Project located west of Abilene, Texas.

Single Family Residential	Service Charge	$7.00 per month
	plus:	
	kwhrs (May through October)	$0.1181 per kwhr
	kwhr (November through April)	$0.1134 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:	
	kwhrs (May through October)	$0.1181 per kwhr
	kwhr (November through April)	$0.1134 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	$0.1358 per kwhr
	Over 1,000 kwhrs	$0.1038 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)...............................	$10.40 per KW
	Energy Charge All kwhrs.................................	$0.0736 per KW
	Minimum Monthly Charge...............................	$181.00
	Tax..	8.25%
	TDA...	Calculated as needed

Large Commercial (300 – 1,500 KW)..........	Service Charge..	$75.00 per month
	plus:	
	Demand Charge (Per KW)...............................	$10.40 per KW
	Energy Charge All kwhrs.................................	$0.0710 per KW
	Minimum Monthly Charge...............................	$3,195.00
	Tax..	8.25%
	TDA...	Calculated as needed

Industrial (1,500 KW and over)...................	Service Charge..	$250.00 per month
	plus:	
	Demand Charge (Per KW)...............................	$9.85
	Energy Charge (first 500,000 kwhrs)..............	$0.0689 per KW
	Minimum Monthly	$15,034.85
	Tax..	8.25%
	TDA...	Calculated as needed

WIND WATT RATES

Participation Level: Residential & Commercial

10%..	$0.0020 per KW
50%..	$0.0100 per KW
100%..	$0.0200 per KW

TABLE 14 - HISTORICAL UTILITY USERS (UNITS SERVED)

	Fiscal Year Ended September 30,				
	2012	2011	2010	2009	2008
Water	39,338	37,565	37,596	37,344	37,075
Wastewater	36,908	35,563	35,853	34,743	34,743
Electric	39,123	37,829	38,255	37,818	37,777

TABLE 15 - TEN LARGEST UTILITY CUSTOMERS

Utility Customer	Type of Business	FY 2012 KWH Consumption	Total Percent of KWH Consumed
City of College Station	Municipality	22,474,964	2.87%
CSISD	School	15,917,174	2.03%
CBL & Associates	Retail Mall	11,752,740	1.50%
Texas A&M	University	11,190,122	1.43%
College Station Medical Center	Hospital	9,011,789	1.15%
Kroger	Retail Grocery	6,177,120	0.79%
Scott & White Clinic	Clinic	5,531,341	0.71%
Wal-Mart	Retail	5,429,720	0.69%
EH College Station LP	Hotel	5,013,900	0.64%
Dealer Computer Services, Inc.	Retail	4,816,400	0.61%
		97,315,270	12.43%

TABLE 16 - CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30, 2012	2011	2010	2009	2008
Revenues:					
Electric	$ 94,396,234	$ 98,737,655	$ 89,126,259	$ 80,676,212	$ 74,975,691
Water and Wastewater	27,652,449	29,248,180	23,772,503	25,229,487	22,294,720
Interest	136,974	142,700	129,691	579,520	1,263,129
Other	2,857,223	2,584,985	2,531,326	2,461,853	2,726,652
Total Revenues	$ 125,042,880	$ 130,713,520	$ 115,559,779	$ 108,947,072	$ 101,260,192
Expenses:					
Total Expenses	$ 88,927,662	$ 96,938,864	$ 91,551,106	$ 80,848,570	$ 73,195,783
Net Available for Debt Service	$ 36,115,218	$ 33,774,656	$ 24,008,673	$ 28,098,502	$ 28,064,409
Water (Units Served)	39,338	37,565	37,596	37,344	37,075
Wastewater (Units Served)	36,908	35,563	35,853	34,743	34,743
Electric (Units Served)	39,123	37,829	38,255	37,818	37,777

TABLE 17 – VALUE OF THE SYSTEM

	Fiscal Year Ended September 30, 2012	2011	2010	2009	2008
Utility Systems	$ 435,064,838	$ 366,563,463	$ 348,347,759	$ 318,485,023	$ 293,094,037
Construction in Progress	20,430,326	69,987,787	69,448,456	69,561,781	67,833,091
	$ 455,495,164	$ 436,551,250	$ 417,796,215	$ 388,046,804	$ 360,927,128
Less: Accumulated Depreciation	158,428,406	142,344,667	131,366,712	120,579,498	107,679,617
Net System Value	$ 297,066,758	$ 294,206,583	$ 286,429,503	$ 267,467,306	$ 253,247,511

TABLE 18 – CITY'S EQUITY IN THE SYSTEM

Resources	Fiscal Year Ended September 30, 2012	2011	2010	2009	2008
Net System Value	$ 297,066,758	$ 294,206,583	$ 286,429,503	$ 267,467,306	$ 253,247,511
Current Assets	53,031,034	47,319,652	42,528,426	53,391,673	45,761,719
Restricted Assets	10,143,761	5,166,872	5,592,025	6,926,456	8,098,103
Other Resources	120,000	240,000	360,000	360,000	680,000
Deferred Charges	780,390	919,183	842,458	869,924	859,979
Total	$ 361,141,943	$ 347,852,290	$ 335,752,412	$ 329,015,359	$ 308,647,312
Obligations					
Current Liabilities	$ 17,180,367	$ 20,308,090	$ 18,126,521	$ 15,418,179	$ 13,741,421
Current Liabilities Payable from Restricted Assets	13,474,895	11,049,949	10,735,762	9,942,046	9,066,763
General Obligation Debt	30,675,000	24,020,000			
Certificates of Obligation	55,865,000	48,085,000	42,265,000	36,185,000	22,920,000
Revenue Bond Debt	41,505,001	49,845,002	81,525,000	87,745,000	93,724,997
Other Debt	4,561,927 (1)	3,249,873 (1)	1,551,658 (1)	152,262	180,630
Total Liabilities	$ 163,262,190	$ 156,557,914	$ 154,203,941	$ 149,442,487	$ 139,633,811
City's Equity in System	$ 197,879,753	$ 191,294,376	$ 181,548,471	$ 179,572,872	$ 169,013,501
Percentage of Equity in System	54.79%	54.99%	54.07%	54.58%	54.76%

(1) Includes OPEB Net Pension Obligations.

TABLE 19 – UTILITY REVENUE BOND AND SYSTEM SUPPORTED CERTIFICATE DEBT SERVICE

Series	Original Principal Amount	Outstanding Principal as of 6/1/2013
2005	$ 8,035,000	$ 355,000 *
2005A (1)	12,995,000	6,510,000 *
2006	16,950,000	12,985,000
2007	18,665,000	14,915,000
2008 (2)	15,925,000	13,235,000
2009 (2)	19,490,000	21,825,000
2010 (2)	2,850,000	2,555,000
2010 (1)(3)	25,905,000	21,915,000
2011 (2)	7,920,000	7,375,000
2012 (2)	16,415,000	15,925,000
2012 (1)(3)	9,570,000	8,760,000
2013 (2)	9,735,000	9,735,000 *
	$ 154,720,000	$ 126,355,000

* Preliminary, subject to change. Excludes the Refunded Obligations.
(1) Represents refunding bonds.
(2) Certificates of Obligation supported in whole or in part by Utility System revenues.
(3) General Obligation Improvement Bonds supported in part by the Utility System revenues.

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 State law, the City is authorized to invest in: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State 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 or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted, at least annually, by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) 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; (10) 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 bank organized and existing under the laws of the United States or any state; (11) no-load money market mutual funds 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; (12) 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; provided, however, that the City is not authorized to invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such no-load mutual funds, and (13) for bond proceeds, guaranteed investment contracts that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities in an amount equal to the amount invested under the contract, and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City is also authorized to invest its funds through an eligible investment pool if the governing body of the City by rule, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. To be eligible to receive funds from and invest funds on behalf of the City, an investment pool must furnish to the investment officer or other authorized representative of the City an offering circular or other similar disclosure instrument that contains, at a minimum, the following information: (1) the types of investments in which money is allowed to be invested; (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool; (3) the maximum stated maturity date any investment security within the portfolio has; (4) the objectives of the pool; (5) the size of the pool; (6) the names of the members of the advisory board of the pool and the dates their terms expire; (7) the custodian bank that will safekeep the pool's assets; (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; (10) the name and address of the independent auditor of the pool; (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

Governmental bodies in the State are authorized to implement 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 (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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; 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, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. 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 and ending market value for each pooled fund group, (4) the book value and market value of each separately listed asset at the 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; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

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 Executive Director of Business Services or his designee will promptly cause all City funds to be deposited with the bank depository and invested 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 or his designee 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.

The City's adopted investment policy permits the City to invest its funds and funds under its control in all of the enumerated investments authorized by the PFIA.

TABLE 20 - CURRENT INVESTMENTS

As of April 30, 2013, the City's investable funds were invested in the following categories:

Investment Type	Book Value	Market Value
Demand Bank Accounts	$ 46,541,762	$ 46,541,762
Certificates of Deposit	15,038,335	15,038,335
Pooled Cash (Texpool/TexSTAR)	30,995,273	30,995,273
Money Market Mutual Fund	20,397,666	20,397,666
	$ 112,973,036	$ 112,973,036

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 OPINIONS OF BOND COUNSEL.

In rendering its opinions, 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, (b) the Verification Report prepared by Grant Thornton LLP with respect to the refunding of the Refunded Obligations and (c) 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 opinions of Bond Counsel are 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 opinions are not a guarantee of a result, but represent its legal judgment based upon its review of Existing Law and reliance on the aforementioned information, representations and covenants. 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.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Obligation holders may have no right to participate in such procedure. 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 accrual period within each accrual 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, taxpayers qualifying for the health insurance premium credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

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.

Future and Proposed Legislation

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

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of each 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 events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available at no cost on the Electronic Municipal Market Access of the MSRB, with the web address www.emma.msrb.org ("EMMA").

Annual Reports

The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6, 8 through 20 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year ending in and after the City's 2012-13 fiscal year. The City will provide the updated information to the MSRB through EMMA in accordance with recent amendments to Rule 15c2-12 (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC").

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC, as permitted by the Rule. The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial 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 the MSRB of the change.

Event Notices

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any suchactions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". For these purposes, any event described in clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City will provide each notice described in the previous paragraph to the MSRB through EMMA, in accordance with the Rule.

Limitations and Amendments

The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 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 the Rule.

OTHER INFORMATION

RATINGS

The presently outstanding tax supported debt of the City is rated "Aa2" by Moody's and "AA" by S&P, without regard to credit enhancement. Applications for contract ratings have been made to S&P and Moody's. 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

The City is a party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the city with respect to the various proceedings. The City's management believes that the ultimate outcome of the various lawsuits will not have a material adverse effect on the City's financial position.

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, investment securities 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 at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the 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. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. 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 incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving 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 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. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information under the captions "PLAN OF FINANCING" (except for the subsection "SOURCES AND USES OF PROCEEDS"), "THE OBLIGATIONS," "TAX MATTERS," "OTHER INFORMATION – LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "OTHER INFORMATION – REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE," "OTHER INFORMATION – LEGAL OPINIONS," and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "COMPLIANCE WITH PRIOR UNDERTAKINGS", as to which no opinion is expressed) in the Official Statement and Bond Counsel is of the opinion that the information relating to the Obligations and the Ordinances contained under such captions is a fair and accurate summary of the information purported to be shown. 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. Certain legal matters will be passed upon for the Underwriters by ____________________.

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.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the City relating to (a) computation of forecasted receipts of principal and interest on the Federal Securities and the forecasted payments of principal and interest to redeem the Refunded Obligations and (b) computation of the yields of the Bonds and the restricted Federal Securities were verified by Grant Thornton, LLP, certified public accountants. Such computations were based solely on assumptions and information supplied by First Southwest Company on behalf of the City. Grant Thornton, LLP has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

UNDERWRITERS

____, (the "Underwriters"), have agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds from the City. The purchase price for the Bonds is $_____________ (representing the par amount of the Bonds, plus a premium of $_____________ and less an underwriters' discount of $_____________) plus accrued interest on the Bonds. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters, have agreed, subject to certain customary conditions precedent to closing, to purchase the Certificates from the City. The purchase price for the Certificates is $_____________ (representing the par amount of the Certificates, plus a premium of $_____________ and less an underwriters' discount of $_____________) plus accrued interest on the Certificates. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their 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 Underwriters do not guarantee the accuracy or completeness of such information.

MISCELLANEOUS

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 Underwriters.

Mayor
City of College Station, Texas

ATTEST:

City Secretary
City of College Station, Texas

SCHEDULE OF REFUNDED OBLIGATIONS*

General Obligation Debt

Certificates of Obligation, Series 2005

Maturity February 15	Interest Rate	Par Amount to be Refunded*	Call Date	Call Price
2015	4.000%	$ 230,000	2/15/2014	100.00
2016	4.000%	160,000	2/15/2014	100.00
2017	4.000%	170,000	2/15/2014	100.00
2018	4.125%	180,000	2/15/2014	100.00
2019	4.125%	190,000	2/15/2014	100.00
2020	4.250%	200,000	2/15/2014	100.00
2021	4.250%	215,000	2/15/2014	100.00
2022	4.375%	225,000	2/15/2014	100.00
2023	4.375%	235,000	2/15/2014	100.00
2024	4.500%	250,000	2/15/2014	100.00
2025	4.500%	265,000	2/15/2014	100.00
		$ 2,320,000		

General Obligation Improvement Bonds, Series 2005

Maturity February 15	Interest Rate	Par Amount to be Refunded*	Call Date	Call Price
2015	4.000%	$ 245,000	2/15/2014	100.00
2016	4.000%	255,000	2/15/2014	100.00
2017	4.000%	270,000	2/15/2014	100.00
2018	4.125%	285,000	2/15/2014	100.00
2019	4.125%	305,000	2/15/2014	100.00
2020	4.250%	320,000	2/15/2014	100.00
2021	4.250%	340,000	2/15/2014	100.00
2022	4.375%	360,000	2/15/2014	100.00
2023	4.375%	380,000	2/15/2014	100.00
2024	4.500%	400,000	2/15/2014	100.00
2025	4.500%	420,000	2/15/2014	100.00
		$ 3,580,000		

Utility System Revenue Debt

Utility System Revenue Refunding Bonds, Series 2005A

Maturity February 1	Interest Rate	Par Amount to be Refunded*	Call Date	Call Price
2015	5.250%	$ 350,000 (1)	2/1/2014	100.00
2016	5.000%	365,000 (1)	2/1/2014	100.00
2017	5.000%	325,000 (1)	2/1/2014	100.00
2018	4.000%	170,000 (1)	2/1/2014	100.00
		$ 1,210,000		

Utility System Revenue Bonds, Series 2005

Maturity February 1	Interest Rate	Par Amount to be Refunded*	Call Date	Call Price
2015	4.000%	$ 375,000	2/1/2014	100.00
2016	4.000%	395,000	2/1/2014	100.00
2017	4.000%	420,000	2/1/2014	100.00
2018	4.000%	445,000	2/1/2014	100.00
2019	4.125%	470,000	2/1/2014	100.00
2020	4.125%	495,000	2/1/2014	100.00
2021	4.250%	525,000	2/1/2014	100.00
2022	4.375%	555,000	2/1/2014	100.00
2023	4.375%	585,000	2/1/2014	100.00
2024	4.500%	615,000	2/1/2014	100.00
2025	4.500%	650,000	2/1/2014	100.00
		$ 5,530,000		

* Preliminary, subject to change.

(1) Par amount refunded is less than entire maturity.

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/Fort Worth, Houston, and San Antonio/Austin. Approximately 80% of the Texas population is located within a 200 mile radius of the City. In addition to being a residential community for faculty, students and other personnel of Texas A&M University, the City also serves as a regional manufacturing, retail and health care hub.

The City was incorporated in 1938 and has a Council-City Manager form of government with City employees totaling 895 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.

In March 2013 Forbes magazine named College Station one of the nation's 25 best places to retire. College-town cultural amenities, low cost of living, median home price, warm climate and low crime rate help land the City on Forbes list.

City Owned Facilities

The City owns many facilities including, streets, utilities, parks, public buildings, and other infrastructures. Approximately 482 miles of streets (99%) within the City are hard surface. The City has a complete water distribution, wastewater collection and treatment system with 734 miles of wastewater and water lines. The City owns the electrical distribution system with approximately 444 miles of distribution lines, and purchases its electricity from American Electric Power.

The City has a fully equipped police department with 132 full time police officers and 62 support personnel. The department has 31 police patrol cars and one holding facility with a capacity of 17. The fire department consists of 132 full time fire fighters and 7 support personnel. There are six stations and a total of 8 engines, 6 ambulances, 2 command vehicles, 1 rescue truck, 2 ladder trucks, 1 tanker truck, and 1 grass fire truck. Fire Station #6 opened in December 2012.

Educational Facilities

The College Station Independent School District (the "School District") is a fully accredited system offering 14 educational campuses for pre-kindergarten through high school. The School District has a student enrollment in excess of 10,600 and employs over 1,450 people. The School District opened a second high school, College Station High School, in August 2012. 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 "The MED" is located on 25 acres within the City. The 200,000 square foot facility is a full care hospital containing 167 beds and employing more than 500 people. The MED recently completed a $23 million hospital expansion. The MED is a Trauma Level III facility, Cycle III accredited Chest Pain Center, Certified Primary Stroke Center and was the region's first Sleep Center to be accredited by the American Academy of Sleep Medicine.

On March 30, 2011, Scott and White broke ground on a 403,000 square foot, 5-story 143 bed hospital. Construction is near completion and is scheduled to open in August 2013. Scott & White Hospital-College Station will house an emergency department, cardiac services including cath labs, neonatal intensive care unit, comprehensive cancer services, operating rooms, maternity services suites, endoscopic procedure suites, intra operative robotics and other specialty services, all supported by a pharmacy, comprehensive state-of-the-art imaging technology and other diagnostic capabilities

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. United Airlines 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 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 50 parks encompassing 1,330 acres, including a 515 acre wilderness park. Collectively, these parks contain 57 playgrounds, 30 soccer fields, 26 basketball courts, 36 softball/baseball diamonds, 27 tennis courts, 3 swimming pools, a spray park, 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[(1)]				
	1970	1980	1990	2000	2010
City of College Station	17,676	37,272	52,456	67,890	93,857
Brazos County	57,978	93,588	121,862	152,415	194,851

(1) U.S. Census Bureau, American Community Survey

ECONOMIC BACKGROUND

Texas A&M University and System

The City of College Station's major asset is being the home of Texas A&M University (TAMU). TAMU is located on an approximately 5,200 acre campus within the City. TAMU has a significant economic impact on the City, contributing over $1.7 billion dollars annually to the local economy. TAMU has consistently ranked in the top 20 nationally among public institutions of higher education in both enrollment and research grants. Each year, TAMU's approximately 2,500 faculty members conduct an estimated $689 million worth of sponsored research projects. In 2012, U.S. News and World Report ranked Texas A&M second in the nation among public universities in the "great school, great prices" category. Kiplinger's 2013 "best value" ranks Texas A&M 1st in Texas and 18th among the nation's top public colleges.

Texas A&M ranks as the nation's sixth largest university in enrollment, with close to 50,000 students. Texas A&M ranks as one of the nation's top 10 university for National Merit Scholars having over 500 National Merit Scholars enrolled. TAMU and its System, combined with its system agencies, employs more than 27,000 full-time and part-time staff.

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. The Presidential Library and Museum is also part of the George Bush Presidential Library Center which is home to the prestigious Bush School of Government and Public Service.

One Health Plus Biocorridor

College Station entered into an interlocal agreement for the One Health Plus Biocorridor with the City of Bryan. The 3,500 acre Biocorridor will be an international destination for education, research, development, commercialization and production of innovative technologies to improve global health. In March 2013, Texas A&M University announced a partnership with pharmaceutical giant GlaxoSmithKline to create $91 million influenza-manufacturing facility. The facility is expected to bring 7,000 jobs to the area.

Medical District

The City recently amended its Comprehensive Plan to include the College Station Medical District Master Plan. The Master Plan establishes guiding principles for the development of approximately 1,700 acres in south College Station to accommodate medical facilities, walkable village centers, commercial space, and a variety of residential unit types, all in close proximity to parks, open space, and trails. To ensure the long-term success of the District, the City has created two Tax Increment Reinvestment Zones to help fund the necessary infrastructure. The City is also in the process of establishing 2 Municipal Management Districts to be used as a tool for development of these areas as well.

Athletics

Athletics is an integral part of College Station. Texas A&M University, along with the City, hosts a multitude of athletic events. Texas A&M University is the home of Kyle Field, Reed Arena, Olsen Field at Bluebell Park, Aggie Softball Complex, George P. Mitchell Tennis Center and Gilliam Indoor Track Stadium. Several of Texas A&M teams have won both conference and national titles over the past five years which has positioned the University to host regional payoffs as well as national championship games. In the Fall of 2012, Texas A&M began playing in the Southeastern Conference. Texas A&M's move to the SEC has proved positive for the City. At the end of the 2013 football season, the University will begin a $450 million renovation to Kyle Field making it the largest college stadium in the SEC and Texas with a seating capacity of 102,500.

The City's sport complex's as well as the ease to get around makes College Station attractive to several organizations. Over the past several years, the Amateur Softball Association and the Texas Amateur Athletic Federation have chosen College Station to host state tournaments and events. In addition, the City facilitates two major softball tournaments, a soccer tournament, a 7 on 7 flag football tournament and baseball tournaments throughout the year. The City is in the process of adding 2 additional synthetic athletic fields at Veterans Park and Athletic Complex. This is anticipated to allow additional tournaments to be held in this area.

MAJOR AREA EMPLOYERS

Firm Name	Product	Number of Employees
Texas A&M University and System	Education/Research	18,000+
Bryan ISD	Education	1000+
St. Joseph's Regional Hospital	Health Service	1000+
Sanderson Farms, Inc.	Poultry Processing	1000+
College Station ISD	Education	1000+
Reynolds & Reynolds	Computer Hardware and Software	1000+
City of College Station	Government	500-999
Brazos County	Government	500-999
City of Bryan	Government	500-999
Wal-Mart/Sam's	Retail	500-999
HEB Grocery	Retail	500-999
College Station Medical Center	Health Service	500-999
Scott & White Clinic	Health Service	500-999
Kent Moore Cabinets	Cabinets	400+
Blinn College - Bryan Campus	Education	400+

Source: Research Valley Partnership

Employment is provided by a variety of high growth industries located in, or adjacent to, the City which include ambulatory health care services; professional, scientific, and technical services; specialty trade contractors; food manufacturing; administrative and support services as identified in the Local Employment Dynamics Data. Additionally College Station is also home to the 350 acre Research Park, located on the Texas A&M University campus, which houses 30 public-private tenants including the Research Valley Partnership, Schlumberger, Texas Transportation Institute, and Offshore Technology Research Center. The City also developed the 200-acre, Class "A" Business Center at College Station (BCCS), tenants of which include Reynolds and Reynolds, SourceNet Solutions, Suddenlink Media, Stata Corporation, Heat Transfer Research, Inc. (HTRI), and the Texas A&M University System. In addition, the City has worked to develop a new Science Park at Research Valley, which houses Lynntech, Inc. and RBC Technologies.

LABOR STATISTICS

College Station

Year	Labor Force	Total Employment	Unemployment	Rate
2007	41,082	39,507	1,575	3.8%
2008	43,687	41,844	1,843	4.2%
2009	45,998	43,566	2,432	5.3%
2010	47,301	44,488	2,813	5.9%
2011	47,972	44,939	3,033	6.3%
2012	47,092	44,328	2,764	5.9%
2013 (1)	47,455	45,047	2,408	5.1%

Brazos County

Year	Labor Force	Total Employment	Unemployment	Rate
2007	88,010	84,788	3,222	3.7%
2008	91,440	87,805	3,635	4.0%
2009	96,669	91,418	5,251	5.4%
2010	99,119	93,101	6,018	6.1%
2011	100,643	94,245	6,398	6.4%
2012	98,755	92,963	5,792	5.9%
2013 (1)	99,639	94,526	5,113	5.1%

Source: Texas Workforce Commission.
(1) As of April 30, 2013

BUILDING PERMITS

College Station has grown rapidly over the past 30 years as evidenced by an increase in population from 37,272 in 1980 to 93,857 in 2010. As of 2013, the estimated population of College Station was 98,180. The following table sets forth the number and value of construction permits issued by the City over the past several years.

	Residential Construction		Commercial Construction		Total	
Calendar Year	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2007	990	$ 161,466,990	413	$ 74,683,795	1,403	$ 236,150,785
2008	1,131	164,494,779	346	154,313,994	1,477	318,808,773
2009	792	82,316,558	243	46,947,099	1,035	129,263,657
2010	860	93,158,066	309	162,053,510	1,169	255,211,576
2011	971	124,132,135	359	123,779,052	1,330	247,911,187
2012	1,208	149,737,218	325	67,478,910	1,533	217,216,128
2013	421	44,952,570	116	39,410,254	537	84,362,824 (1)

Source: The City.
(1) Represents permits issued through April 30, 2013.

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 2010 population of 194,851, an increase of 27.8% since 2000. Minerals produced in the County include sand and gravel, lignite, gas and oil.

APPENDIX B

EXCERPTS FROM THE

CITY OF COLLEGE STATION, TEXAS

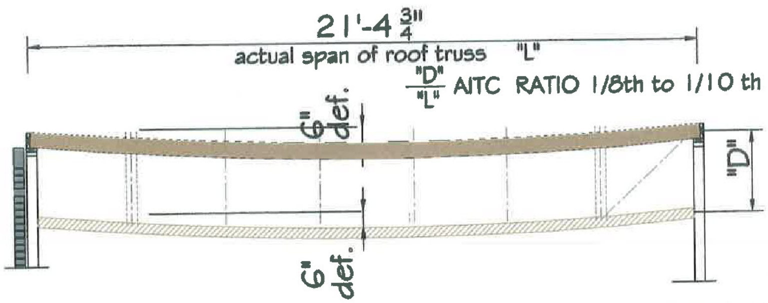
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2012

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, 2012, 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.

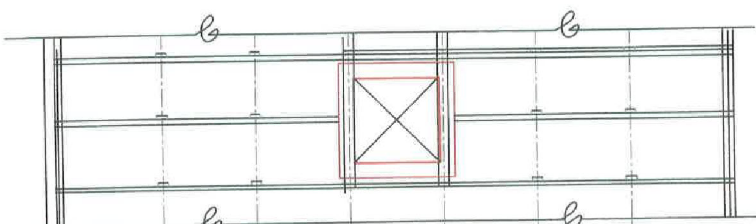
APPENDIX C

FORMS OF OPINIONS OF BOND COUNSEL

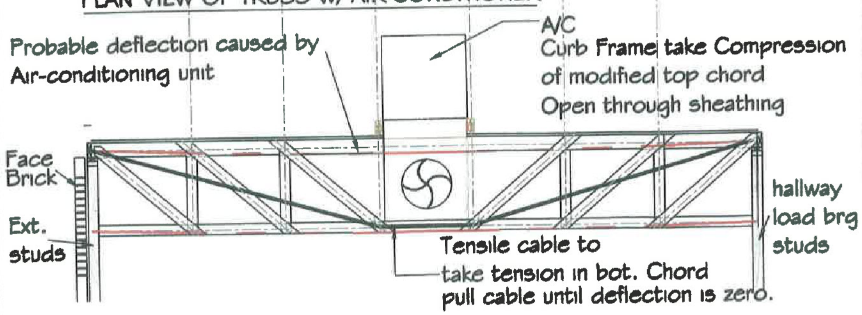


GRAPHIC OF WHAT WOULD HAVE HAPPENED IN 1948 IF THE ROOF OF THE ORIGINAL STRUCTURE WAS AS STATED IN THE HAWKIN'S REPORT.

If the roof of the original part of the building would have been constructed as the Hawkins and Gessner described before the building was completed it would have failed. Fact is the trusses held up for + or - 64 years. Under dead load only the actual stress of the 2 x 6 "rafters" would be nearly 2.5 times the allowable stress and 6 inches of deflection would develop at mid span.

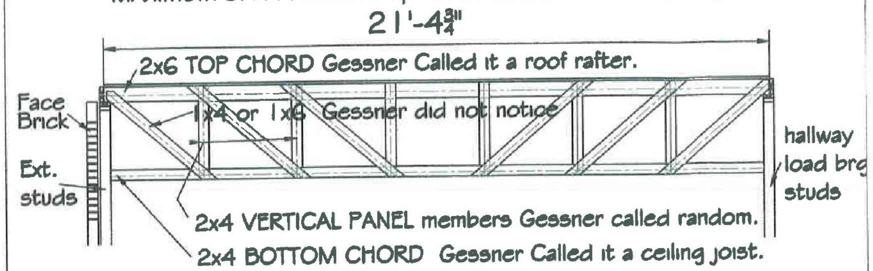


PLAN VIEW OF TRUSS W/ AIR CONDITIONER



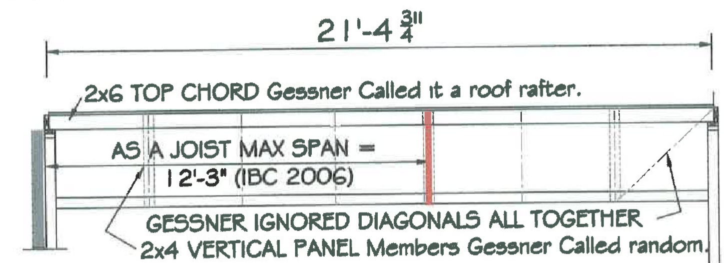
ELEVATION -SECTION OF - TRUSS
GRAPHIC OF REINFORCING FOR WEIGHT OF AIR CONDITIONER

MAXIMUM SPAN FOR 2x6 sp ROOF JOIST = 12'-3" IBC @ 24"O.C.



SECTION OF ACTUAL ROOF CONSTRUCTION IN PLACE OVER THE ORIGINAL CLASSROOMS @ COLLEGE STATION CONFERENCE CENTER.

HAWKINS REPORT LISTED THESE TRUSSES AS ROOF JOIST.
THIS ROOF SYSTEM HAS CARRIED THE LOADS REQUIRED OF IT FOR 64 YEARS.
ABOUT 1980 THE CITY PURCHASED THE BUILDING.
IF THE ROOF CONSISTED OF 2x6 RAFTERS IT WOULD HAVE ONLY BEEN ABLE TO SAFELY SPAN 13'-6" @ 24" O.C.
THIS ROOF SYSTEM IS A MODIFIED TRUSS. AITC MANUAL POINTS OUT THIS SHOULD HAVE DEPTH-SPAN RATIO = 1/8 to 1/10. THUS IT MEETS AISC STAND.



SECTION OF WHAT GESSNER REPORT DESCRIBES AS ROOF SUPPORT

This system is entirely impossible to have been able to carry the roof dead loads let alone live loads. Dead load flexural stress =3,873#/si the allowable Fb= 1,380#/si xCr = 1,588 : 3,873/158= 2.44 x allowable