

CITY

CERTIFICATE FOR ORDINANCE #31-1986

THE STATE OF TEXAS :
COUNTIES OF TAYLOR AND JONES :
CITY OF ABILENE :

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

1. The City Council of said City convened in SPECIAL MEETING ON THE 14TH DAY OF MAY, 1986, at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

~~David Stubbeman, Mayor~~
Welton Robinson
Patricia A. Patton, City Secretary
Betty Ray

Walter E. Wheat
A. E. Fogle, Jr.
Gary D. McCaleb
Harold D. Nixon

and all of said persons were present, except the following absentees: David Stubbeman, Mayor thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written ORDINANCE AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 1986, AUTHORIZING THE EXECUTION OF A PURCHASE CONTRACT, APPROVING AN OFFICIAL STATEMENT AND

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


AYES: All members of said City Council shown present above voted "Aye".

NOES: None.

2. That a true, full and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Ordinance has been duly recorded in said City Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17.

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

SIGNED AND SEALED the 14th day of May, 1986.


City Secretary
SEAL


Mayor Pro Tempore

ORDINANCE #31-1986

AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 1986, AUTHORIZING EXECUTION OF PURCHASE CONTRACT, APPROVING OFFICIAL STATEMENT AND EXECUTION OF ESCROW AGREEMENT

THE STATE OF TEXAS
COUNTIES OF TAYLOR AND JONES
CITY OF ABILENE

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WHEREAS, there are presently outstanding the following bonds of the following series of bonds of City of Abilene (the "Issuer") which are secured by the full faith and credit of the Issuer and a pledge by the Issuer to levy ad valorem taxes sufficient to pay principal of and interest on the bonds as they become due:

City of Abilene, Texas General Obligation Bonds, Series 1980, dated April 15, 1980, maturities 2/15/87 through 2/15/98, in the aggregate principal amount of \$6,500,000 (the "Series 1980 Bonds");

City of Abilene, Texas General Obligation Bonds, Series 1981, dated June 1, 1981, maturities 2/1/87 through 2/1/98, in the aggregate principal amount of \$5,875,000 (the "Series 1981 Bonds");

City of Abilene, Texas General Obligation Bonds, Series 1982, dated April 15, 1982, maturities 2/15/87 through 2/15/94, in the aggregate principal amount of \$6,000,000 (the "Series 1982 Bonds");

City of Abilene, Texas General Obligation Bonds, Series 1984, dated September 15, 1984, maturities 2/15/87 through 2/15/95, in the aggregate principal amount of \$1,125,000 (the "Series 1984 Bonds");

WHEREAS, the Issuer now desires to refund all of said Series 1980 Bonds, Series 1981 Bonds, Series 1982 Bonds and Series 1984 Bonds (the "Refunded Bonds" or "Issuer's Outstanding General Obligation Bonds"); and

WHEREAS, Article 717k, V.A.T.C.S. authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Article 717k, V.A.T.C.S. further authorizes the Issuer to enter into an escrow agreement with any paying agent for the Refunded Bonds with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested and reinvested including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Bonds; and

WHEREAS, the City Council of the Issuer deems it advisable to refund the Refunded Bonds in order to lower the annual debt service requirements of the Issuer and to restructure the Issuer's cash flow and to have uniform payment dates for the principal and interest payments for the Issuer's bond debt; and

WHEREAS, First National Bank of Abilene is the Paying Agent and RepublicBank Dallas is the Co-Paying Agent for the Series 1980 Bonds, MBank Dallas, N.A. is the Paying Agent and Chase Manhattan Bank and First State Bank, Abilene are the Co-Paying Agents for the Series 1981 Bonds, First State Bank, Abilene is the Paying Agent and MBank Dallas, N.A. and Chase Manhattan Bank are the Co-Paying Agents for the Series 1982 Bonds, and InterFirst Bank Fort Worth, N.A. is the Paying Agent/Registrar for the Series 1984 Bonds, and the Escrow Agreement hereinafter authorized constitutes an escrow agreement of the kind authorized and permitted by said Article 717k; and

WHEREAS, all the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized.

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ABILENE:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bonds of City of Abilene (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$21,370,318.10, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE ISSUER'S OUTSTANDING SERIES 1980 BONDS, SERIES 1981 BONDS, SERIES 1982 BONDS AND SERIES 1984 BONDS (all as described in the preamble hereto).

Section 2. DEFINITIONS. As used in this Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings, to-wit:

"Bonds" shall mean and include collectively the Capital Appreciation Bonds and Serial Bonds initially issued and delivered pursuant to this Ordinance and all substitute Capital Appreciation Bonds and Serial Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds and the terms "Bond" shall mean any of the Bonds.

"Compounded Amount" shall mean, with respect to a Capital Appreciation Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with Section 4 hereof and the schedule attached hereto as Exhibit A.

"Capital Appreciation Bonds" shall mean the Bonds, on which no interest is paid prior to maturity, maturing variously on February 15 in each of the years 1995 through 1998 in the aggregate principal amount of \$2,625,318.10.

"Serial Bonds" shall mean the Bonds maturing on February 15 in each of the years 1987 through 1994, in the aggregate principal amount of \$18,745,000.

"Issuance Date" shall mean June 11, 1986, or such other date of delivery of the Bonds to the initial purchaser or purchasers thereof against payment therefor.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each Bond issued pursuant to this Ordinance shall be designated: "CITY OF ABILENE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 1986", and initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, with Serial Bonds and Capital Appreciation Bonds being dated June 1, 1986, in the respective denominations and principal amounts hereinafter stated, with Serial Bonds being numbered consecutively from R-1 upward and the Capital Appreciation Bonds being numbered consecutively

from CR-1 upward, payable to the respective initial registered owners thereof (as designated in Section 11 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner"), and said Serial Bonds shall mature and be payable serially on February 15 in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

| <u>YEAR</u> | <u>AMOUNT</u> | <u>YEAR</u> | <u>AMOUNT</u> |
|-------------|---------------|-------------|---------------|
| 1987 | \$2,035,000 | 1991 | \$2,445,000 |
| 1988 | 2,195,000 | 1992 | 2,475,000 |
| 1989 | 2,365,000 | 1993 | 2,445,000 |
| 1990 | 2,365,000 | 1994 | 2,420,000 |

The Capital Appreciation Bonds shall mature and be payable serially on the dates and in the respective aggregate principal amounts and aggregate payments at maturity, respectively, as set forth in the following schedule:

| <u>DATE</u> | <u>PRINCIPAL AMOUNT</u> | <u>PAYMENT AT MATURITY</u> |
|-------------------|-----------------------------|--------------------------------|
| February 15, 1995 | \$862,416.00 | \$1,600,000 |
| February 15, 1996 | 688,022.20 | 1,390,000 |
| February 15, 1997 | 583,142.40 | 1,280,000 |
| February 15, 1998 | 491,737.50 | 1,175,000 |

Section 4. INTEREST. The Serial Bonds scheduled to mature during the years, respectively, set forth below shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Ordinance to their respective dates of maturity, at the following rates per annum:

| | |
|----------------------|----------------------|
| maturity 1987, 4.70% | maturity 1991, 6.15% |
| maturity 1988, 5.25% | maturity 1992, 6.40% |
| maturity 1989, 5.60% | maturity 1993, 6.75% |
| maturity 1990, 5.90% | maturity 1994, 6.90% |

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

The Capital Appreciation Bonds scheduled to mature on the dates, respectively, set forth below shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on February 15 and August 15 of each year commencing February 15, 1987, and payable, together with the principal amount thereof, in the manner provided in the FORM OF BOND set forth in this Ordinance, at the following rates per annum:

| <u>DATE</u> | <u>INTEREST RATE</u> |
|-------------------|----------------------|
| February 15, 1995 | 7.25% |
| February 15, 1996 | 7.40% |
| February 15, 1997 | 7.50% |
| February 15, 1998 | 7.60% |

Reference is hereby made to Exhibit A hereto, which sets forth the rounded original principal amounts at the Issuance Date for the Capital Appreciation Bonds and the Compounded Amounts thereof (per \$5,000 payment at maturity) as of each February 15 and August 15, commencing February 15, 1987, and continuing until the final maturity of the Capital Appreciation Bonds. The Compounded Amount with respect to any date other than a February 15 or August 15 is the amount set forth on

Exhibit A with respect to the last preceding February 15 or August 15, as the case may be, plus the portion of the difference between such amount and the amount set forth on Exhibit A with respect to the next succeeding February 15 or August 15, as the case may be, that the number of days (based on 30-day months) from such last preceding February 15 or August 15, as the case may be, to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding February 15 or August 15, as the case may be, to the next succeeding February 15 or August 15, as the case may be.

Section 5. CHARACTERISTICS OF THE BONDS. Registration, Transfer, Conversion and Exchange; Authentication. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of InterFirst Bank Fort Worth, N.A., Fort Worth, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds and shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Ordinance. Registration of assignments, transfers, conversions and exchanges of Bonds or shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/ Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and

exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

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

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, and the to be payable only to the registered owners thereof, (ii) transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bonds initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND to be executed by the Paying Agent/Registrar.

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

copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 6. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF TAYLOR AND JONES
CITY OF ABILENE, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 1986

[FORM OF FIRST TWO PARAGRAPHS OF SERIAL BOND]

NO. R-

PRINCIPAL
AMOUNT
\$ _____

INTEREST RATE _____ MATURITY DATE _____ DATE OF ORIG. ISSUE CUSIP NO. _____
_____% _____ June 1, 1986 _____

ON THE MATURITY DATE specified above, the CITY OF ABILENE, in Taylor and Jones Counties, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

(hereinafter called the "registered owner") the principal amount of

and to pay interest thereon from June 1, 1986, on February 15, 1987 and semiannually on each August 15 and February 15 thereafter to the maturity date specified above, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, at the principal corporate trust office of InterFirst Bank Fort Worth, N.A., Fort Worth, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on,

and payable solely from, funds of the Issuer required by the Bond Ordinance to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

[FORM OF FIRST TWO PARAGRAPHS OF CAPITAL APPRECIATION BOND]

NO. CR-

PAYMENT
AT
MATURITY
\$ _____

INTEREST RATE _____% MATURITY DATE _____ ISSUANCE DATE CUSIP NO.
June 11, 1986

ON THE MATURITY DATE specified above, the CITY OF ABILENE, in Taylor and Jones Counties, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

(hereinafter called the "registered owner") the Payment at Maturity in the amount of

representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above (subject to rounding to the Compounded Amounts as provided in the Bond Ordinance, hereinafter defined,) compounded semiannually on February 15 and August 15 of each year.

THE PAYMENT AT MATURITY of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Payment at Maturity of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, at the principal corporate trust office of InterFirst Bank Fort Worth, N.A., Fort Worth, Texas, which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the Issuer required by the Bond Ordinance to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the registered owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The Issuer covenants with the registered owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds of the Payment at Maturity, when due.

[FORM OF REMAINDER OF EACH BOND]

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

THIS BOND is one of a Series of Bonds dated June 1, 1986, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$21,370,318.10, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND ALL OF THE ISSUER'S OUTSTANDING SERIES 1980 BONDS, SERIES 1981 BONDS, SERIES 1982 BONDS AND SERIES 1984 BONDS, and comprised of (i) Bonds in the aggregate principal amount of \$2,625.318.10 that pay interest only at maturity (the "Capital Appreciation Bonds") and (ii) Bonds in the aggregate principal amount of \$18,745,000 that pay interest semiannually until maturity or redemption prior to maturity (the "Serial Bonds").

[THE FOLLOWING TWO PARAGRAPHS ARE ONLY TO BE INSERTED
IN SERIAL BONDS]

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, with respect to Serial Bonds, in the denomination of any integral multiple of \$5,000, and with respect to Capital Appreciation Bonds, in the denomination of \$5,000 payment at maturity amounts or any integral multiple thereof. As provided in the Bond Ordinance, this Bond, (with respect to Serial Bonds), may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The one requesting such conversion and exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for converting and exchanging any Bond or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such

privilege. The foregoing notwithstanding, in the case of the conversion and exchange of a portion of a Serial Bond which has been redeemed prior to maturity, and in the case of the conversion and exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. With respect to Serial Bonds, the Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange during the period commencing with the close of business on any Record Date (as defined in the Bond Ordinance) and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

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

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

(facsimile signature) (facsimile signature)
City Secretary Mayor

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond,

bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

INTERFIRST BANK FORT WORTH, N.A.
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

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

and hereby irrevocably constitutes and appoints _____

attorney to transfer the registration of this Bond on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.
Dated _____

Signature Guaranteed: _____

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

Registered Owner _____

NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond in every particular without alteration or enlargement or any change whatsoever.

FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Bonds as such principal matures; and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 7. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section 7, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Government Obligations.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from such Government Obligations received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Government Obligations" as used in this Section, shall mean direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, which may be in book-entry form.

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

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

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Section 6 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section 8 of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer

or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/ Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 9. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Mayor of the Issuer is hereby authorized and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approved legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 10. NO ARBITRAGE. The Issuer covenants to and with the registered owners of the Bonds that it will make no use of the proceeds of the Bonds at any time throughout the term of this issue of Bonds which, if such use had been reasonably expected on the date of delivery of the Bonds to and payment for the Bonds by the purchasers, would have caused the Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto; and by this covenant the Issuer is obligated to comply with the requirements of the aforesaid Section 103(c) and all applicable and pertinent Department of the Treasury regulations relating to arbitrage bonds. The Issuer further covenants that the proceeds of the Bonds will not otherwise be used directly or indirectly so as to cause all or any part of the Bonds to be or become arbitrage bonds within the meaning of the aforesaid Section 103(c), or any regulations or rulings pertaining thereto.

Section 11. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to Underwood, Neuhaus & Co., Incorporated and Merrill Lynch Capital Markets (the "Underwriters") at a price of \$20,631,395.55 and accrued interest thereon to date of delivery, pursuant to the terms and provisions of a Bond Purchase Contract in substantially the form attached hereto as Exhibit A which the Mayor of the Issuer is hereby authorized and directed to execute and deliver and which the City Secretary of the Issuer is hereby authorized and directed to attest. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of Underwood, Neuhaus & Co., Incorporated.

Section 12. APPROVAL OF OFFICIAL STATEMENT. The Issuer hereby approves the form and content of the final Official Statement dated May 14, 1986, relating to the Bonds, and any addenda, supplement or amendment thereto and approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

Section 13. APPROVAL OF SPECIAL ESCROW AGREEMENT AND TRANSFER OF FUNDS. The Mayor or Mayor Pro Tempore of the Issuer is hereby authorized and directed to execute and deliver and the City Secretary is hereby authorized and directed to attest a Special Escrow Agreement in substantially the form attached hereto as Exhibit B. In addition, the Mayor or City Manager are authorized to execute such subscriptions for the purchase of United States Treasury Securities, State and Local Government Series, as may be necessary for the Escrow Fund, and that the Issuer may also purchase from First Southwest Company for investment in the Escrow Fund of such obligations of the United States of America or any of its agencies, or such obligations fully guaranteed by the United States of America that will be appropriate open market investments for such Escrow Fund.

Section 14. NOTICE OF REDEMPTION. That there is attached to this Ordinance as Exhibit B and made a part hereof for all purposes, notice of prior redemption for the Series 1980 Bonds, Series 1981 Bonds, Series 1982 Bonds and Series 1984 Bonds, to be redeemed prior to stated maturity, and such bonds described in said notice of prior redemption are hereby called for redemption and shall be redeemed prior to maturity on the date, place and at the price as set forth therein.


Section 15. PURPOSE OF REFUNDING BONDS. The Issuer hereby finds that it is necessary to refund the Refunded Bonds in order to reduce the annual debt service requirements of the Issuer to achieve a net interest savings and to restructure the Issuer's cash flow and to achieve a uniform date for payment of principal and interest on the Issuer's Bonds.

ADOPTED AND APPROVED this the 14th day of May, 1986.

ATTEST:



City Secretary
City of Abilene



Mayor Pro Tempore
City of Abilene

SUBMITTED AND APPROVED BY ME BEFORE ADOPTION:



City Attorney
City of Abilene

SEAL

EXHIBIT B

NOTICE OF PRIOR REDEMPTION

CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 1980

NOTICE IS HEREBY GIVEN that the City of Abilene has called for redemption the outstanding bonds of the City described as follows:

City of Abilene, Texas General Obligation Bonds, Series 1980, maturing February 15, 1991 through February 15, 1998, being Bonds Nos. 690 through 1,640, inclusive, in the aggregate principal amount of \$4,750,000, for the principal amount thereof and accrued interest to call date of the bonds so called for redemption, at First National Bank of Abilene, Abilene, Texas, RepublicBank Dallas, N.A., Dallas, Texas or Citibank N.A., New York City, New York. Call date: February 15, 1990.

CITY OF ABILENE
David Stubbeman, Mayor

NOTICE OF PRIOR REDEMPTION

CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 1981

NOTICE IS HEREBY GIVEN that the City of Abilene has called for redemption the outstanding bonds of the City described as follows:

City of Abilene, Texas General Obligation Bonds, Series 1981, maturing February 1, 1992 through February 1, 1998, being Bonds Nos. 535 through 1,320, inclusive, in the aggregate principal amount of \$3,925,000, for the principal amount thereof and accrued interest to call date of the bonds so called for redemption, at The First State Bank, Abilene, Texas, MBank Dallas, N.A., Dallas, Texas and The Chase Manhattan Bank, New York. Call date: February 1, 1991.

CITY OF ABILENE
David Stubbeman, Mayor

NOTICE OF PRIOR REDEMPTION

CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 1982

NOTICE IS HEREBY GIVEN that the City of Abilene has called for redemption the outstanding bonds of the City described as follows:

City of Abilene, Texas General Obligation Bonds, Series 1982, maturing February 15, 1991 through February 15, 1994, being Bonds Nos. 775 through 1,375, inclusive, in the aggregate principal amount of \$3,000,000, for the principal amount thereof and accrued interest to call date of the bonds so called for redemption, at The First State Bank, Abilene, Texas, MBank Dallas, N.A., Dallas, Texas and The Chase Manhattan Bank, New York City, New York. Call date: February 15, 1990.

CITY OF ABILENE
David Stubbeman, Mayor

CITY OF ABILENE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 1984

NOTICE IS HEREBY GIVEN that the City of Abilene has called for redemption the outstanding bonds of the City described as follows:

City of Abilene, Texas General Obligation Bonds, Series 1984, maturing February 15, 1991 through February 15, 1995, being Bonds Nos. 145 through 270, inclusive, in the aggregate principal amount of \$625,000, for the principal amount thereof and accrued interest to call date of the bonds so called for redemption, at InterFirst Bank Fort Worth, N.A., Fort Worth, Texas. Call date: February 15, 1990.

CITY OF ABILENE
David Stubbeman, Mayor