

ORDINANCE NO. 48-1997

**AUTHORIZING THE ISSUANCE OF CITY OF ABILENE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 1997,
AUTHORIZING THE EXECUTION OF A PROPOSAL AND THE
EXECUTION OF AN ESCROW AGREEMENT, AND MAKING PROVI-
SIONS FOR THE SECURITY THEREOF, AND ORDAINING OTHER
MATTERS RELATING TO THE SUBJECT**

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

WHEREAS, the City of Abilene, Texas (the "Issuer") has duly issued and there is now outstanding, the following series or issue of bonds 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 1987, dated March 15, 1987, maturities February 15, 1998 through February 15, 2002, in the aggregate principal amount of \$1,800,000 (the "Series 1987 Bonds");

City of Abilene, Texas General Obligation Bonds, Series 1988, dated May 15, 1988, maturities February 15, 1998 through February 15, 2005, in the aggregate principal amount of \$2,250,000 (the "Series 1988 Bonds");

City of Abilene, Texas General Obligation Bonds, Series 1989, dated August 15, 1989, maturities February 15, 1998 through February 15, 2006, in the aggregate principal amount of \$2,825,000 (the "Series 1989 Bonds"); and

WHEREAS, the Issuer now desires to refund maturities 2000 through 2002 of the Series 1987 Bonds, in the principal amount of \$1,125,000; maturities 2000 through 2005 of the Series 1989 Bonds, in the principal amount of \$1,800,000; and maturities 2003 through 2006 of the Series 1989 Bonds, in the principal amount of \$1,300,000, for a total aggregate amount of \$4,225,000 (the "Refunded Bonds"); and

WHEREAS, the City Council of the Issuer deems it advisable to refund the Refunded Bonds in order to achieve a debt service savings of approximately \$368,775.40 and a present value savings of \$290,193.56; 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 further authorizes the Issuer to enter into an escrow agreement with the 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 Bank of New York, New York, New York (formerly known as InterFirst Bank Fort Worth, N.A., Fort Worth, Texas, First RepublicBank Fort Worth, N/A., Fort Worth, Texas, NCBN Texas National Bank, Fort Worth, Texas and NationsBank of Texas, N.A., Fort Worth, Texas) is the paying agent for the Series 1987 Bonds, Series 1988 Bonds and Series 1989 Bonds, and the Escrow Agreement hereinafter authorized, constitutes an 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.

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

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bond or bonds of the City of ABILENE (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$4,405,000 for the purpose of refunding maturities 2000 through 2002 of the Series 1987 Bonds; maturities 2000 through 2005 of the Series 1988 Bonds; and maturities 2003 through 2006 of the Series 1989 Bonds.

Section 2. DESIGNATION OF THE BONDS. Each bond issued pursuant to this Ordinance shall be designated: "CITY OF ABILENE, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 1997", and initially there shall be issued, sold, and delivered hereunder a single fully registered bond, without interest coupons, payable in annual installments of principal (the "Initial Bond"), but the Initial Bond may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, having serial and annual maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Bonds" as used in this Ordinance shall mean and include collectively the Initial Bond and

all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL BOND. (a) The Initial Bond is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Bond, without interest coupons, dated November 15, 1997, in the denomination and aggregate principal amount of \$4,405,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit: NationsBank of Texas, N.A., Abilene, Texas, or to the registered assignee or assignees of said Bond or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Bond to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL BOND set forth in this Ordinance.

(b) The Initial Bond (i) may be prepaid or redeemed prior to the respective scheduled due dates of installments of principal thereof, (ii) may be assigned and transferred, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, and (v) shall be signed and sealed, and the principal of and interest on the Initial Bond shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL BOND set forth in this Ordinance.

Section 4. INTEREST. The unpaid principal balance of the Initial Bond shall bear interest from the date of delivery of the Initial Bond and will be calculated on the basis of a 360-day year of twelve 30-day months to the respective scheduled due dates, or to the respective dates of prepayment or redemption, of the installments of principal of the Initial Bond, and said interest shall be payable, all in the manner provided and at the rates and on the dates stated in the FORM OF INITIAL BOND set forth in this Ordinance.

Section 5. FORM OF INITIAL BOND. The form of the Initial Bond, including the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be endorsed on the Initial Bond, shall be substantially as follows:

FORM OF INITIAL BOND

NO. R-1

\$4,405,000

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF TAYLOR AND JONES
CITY OF ABILENE, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 1997

The CITY OF ABILENE, in TAYLOR AND JONES COUNTIES (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

NATIONSBANK OF TEXAS, N.A.
Abilene, Texas

or to the registered assignee or assignees of this Bond or any portion or portions hereof (in each case, the "registered owner") the aggregate principal amount of

FOUR MILLION FOUR HUNDRED FIVE THOUSAND DOLLARS

due and payable on February 15, 2006, and to pay interest, from the date of delivery of this Bond (which date appears on the back hereof), on the balance of such installment of principal, respectively, from time to time remaining unpaid, at the rate of 4.56%, with said interest being payable on February 15, 1998 and semiannually on each August 15 and February 15 thereafter while this Bond or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Bond are payable to the registered owner hereof through the services of NationsBank of Texas, N.A., Abilene, Texas, which is the "Paying Agent/Registrar" for this Bond. Payment of all principal of and interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (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 principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, 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, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk

and expense of, the registered owner. The Issuer covenants with the registered owner of this Bond that on or before each principal and/or 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 this Bond, when due.

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

THIS BOND has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$4,405,000, for the purpose of refunding maturities 2000 through 2002 of the Series 1987 Bonds; maturities 2000 through 2005 of the Series 1988 Bonds; and maturities 2003 through 2006 of the Series 1989 Bonds.

THE BONDS of this Series scheduled to mature on FEBRUARY 15, 2006 are subject to mandatory redemption prior to their scheduled maturities, and shall be redeemed by the Issuer, in part, prior to their scheduled maturity, with money from the Mandatory Redemption Account of the Interest and Sinking Fund, with the particular Bonds or portion thereof to be redeemed to be selected by the Paying Agent/Registrar, by lot or other customary method (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000) at a redemption price equal to the par or principal amount thereof and accrued interest to the date of redemption, on the dates, and in the principal amounts, respectively, as shown in the following schedules:

<u>February 15, 2006 Maturity</u>	
<u>Mandatory Redemption Dates</u>	<u>Principal Amounts</u>
February 15, 1998	\$155,000
February 15, 1999	50,000
February 15, 2000	720,000
February 15, 2001	700,000
February 15, 2002	685,000
February 15, 2003	620,000
February 15, 2004	605,000
February 15, 2005	590,000
February 15, 2006	280,000 * payable at maturity

The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the Mandatory Redemption Account shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been purchased and cancelled by

the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THIS BOND, to the extent of the unpaid principal balance hereof, or any unpaid and unredeemed portion hereof in any integral multiple of \$5,000, may be assigned by the initial registered owner hereof and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions set forth in the Bond Ordinance. Among other requirements for such transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar for cancellation, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment by the initial registered owner of this Bond, or any portion or portions hereof in any integral multiple of \$5,000, to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. Any instrument or instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any such portion or portions hereof by the initial registered owner hereof. A new bond or bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds) or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, shall be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond or any portion or portions hereof, but solely in the form and manner as provided in the next paragraph hereof for the conversion and exchange of this Bond or any portion hereof. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

AS PROVIDED above and in the Bond Ordinance, this Bond, to the extent of the unpaid principal balance hereof, may be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the assignee or assignees duly designated in writing by the initial registered owner hereof, or to the initial registered owner as to any portion of this Bond which is not being assigned and transferred by the initial registered owner, in any denomination or denominations in any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute bond issued in exchange for any portion of this Bond shall have a single stated principal maturity date), 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. If this Bond or any portion hereof is assigned and transferred or converted each bond issued in exchange for any portion hereof shall have a single stated principal maturity date

corresponding to the due date of the installment of principal of this Bond or portion hereof for which the substitute bond is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. No such bond shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE BOND ORDINANCE, THIS BOND IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the bonds issued and delivered in exchange for this Bond or any portion hereof may be assigned and transferred, and converted, subsequently, as provided in the Bond Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption date.

IN THE EVENT any Paying Agent/Registrar for this Bond 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 promptly will cause written notice thereof to be mailed to the registered owner of this Bond.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered pursuant to the laws of the State of Texas; 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 and the Series of which it is a part 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 and principal come due, 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 the registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual signature of the Mayor of the Issuer and countersigned with the manual signature of the City Secretary of the Issuer, has caused the official seal of the Issuer to be duly impressed on this Bond, and has caused this Bond to be dated November 15, 1997.

City Secretary

Mayor

(CITY SEAL)

The following shall be printed on the back of said Initial Bond:

"This Initial Bond was delivered to and paid for by the Purchaser thereof on _____".

**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. ADDITIONAL CHARACTERISTICS OF THE BONDS. (a) Registration and Transfer. The Issuer shall keep or cause to be kept at the principal corporate trust office of NationBank of Texas, N.A., Abilene, Texas, (the "Paying Agent/Registrar") books or records of the registration and transfer 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 transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations 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 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. 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. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, (i) evidencing the assignment of the Bond, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Bond, to the extent of the unpaid principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Bonds issued and delivered in conversion of and exchange for the Initial Bond shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Ordinance, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Bond or any portion thereof is assigned and transferred or converted the Initial Bond must be surrendered to the Paying Agent/Registrar for cancellation, and each Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Bond is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Bonds in exchange for the unassigned balance of the Initial Bond in the same manner as if the initial registered owner were the assignee thereof. If any Bond or portion thereof other than the Initial Bond is assigned and transferred or converted each Bond issued in exchange shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is exchanged. A form of assignment shall be printed or endorsed on each Bond, excepting the Initial Bond, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Bonds or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Bond or Bonds, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Bond or Bonds), or to the previous registered owner in case only a portion of a Bond is being assigned and transferred, all in conversion of and exchange for said assigned Bond or Bonds or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Bonds by any registered owner of a Bond. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Bond or Bonds, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying

Agent/Registrar shall not be required to make transfers of registration of any Bond or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

(c) 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, and to act as its agent to convert and exchange or replace 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, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, 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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Bondholder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

(d) Conversion and Exchange or Replacement: Authentication. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unpaid principal balance or principal amount thereof, may, upon surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF SUBSTITUTE BOND set forth in this Ordinance, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal balance or principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Bond is assigned and transferred or converted each substitute Bond issued in exchange for any portion of the Initial Bond shall have a single stated principal maturity date, and shall not be payable in

installments; and each such Bond shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Bond is being exchanged; and each such Bond shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If any Bond or portion thereof (other than the Initial Bond) is assigned and transferred or converted, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange or replace Bonds as provided herein, and each fully registered bond delivered in conversion of and exchange for or replacement of any Bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance, and may again be converted and exchanged or replaced. It is specifically provided that any Bond authenticated in conversion of and exchange for or replacement of another Bond on or prior to the first scheduled Record Date for the Initial Bond shall bear interest from the date of the Initial Bond, but each substitute Bond so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Bond was so authenticated, unless such Bond is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged is due but has not been paid, then such Bond shall bear interest from the date to which such interest has been paid in full. THE INITIAL BOND issued and delivered pursuant to this Ordinance is 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 or replacement of any Bond or Bonds issued under this Ordinance there shall be printed a certificate, in the form substantially as follows:

"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

Paying Agent/Registrar

Dated _____

By _____
Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the above 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 Bonds surrendered for conversion and exchange or replacement. 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 or replacement 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 or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which originally was issued pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Bonds or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

(e) In General. All Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (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, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed and sealed, and (vi) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE BOND set forth in this Ordinance.

(f) Payment of Fees and Charges. The Issuer hereby covenants with the registered owners of the Bonds that it will (i) pay the standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer of registration of Bonds, and with respect to the conversion and exchange of Bonds solely to the extent above provided in this Ordinance.

(g) 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. 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 7. FORM OF SUBSTITUTE BONDS. The form of all Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, including the form of Paying Agent/Registrar's Certificate to be printed on each of such Bonds, and the Form of Assignment to be printed on each of the Bonds, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

FORM OF SUBSTITUTE BOND

NO. _____

PRINCIPAL
AMOUNT

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTIES OF TAYLOR AND JONES
CITY OF ABILENE, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 1997

<u>Interest Rate</u> _____ %	<u>Maturity Date</u> _____	<u>Date of Original Issue</u> November 15, 1997
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ON THE MATURITY DATE specified above THE CITY OF ABILENE, in TAYLOR AND JONES COUNTIES (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

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

_____ and to pay interest thereon from the date of delivery of this Bond (which date appears on the back hereof) to the date of its scheduled maturity, or the date of redemption prior to maturity, at the interest rate per annum specified above, with interest being payable on February 15, 1998, and semiannually on each August 15 and February 15; except that if the date of authentication of this Bond is later than January 31, 1998, 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 (hereinafter defined) 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.

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 NationsBank of Texas, N.A., Abilene, 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 ordinance authorizing the issuance of the Bonds (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 the address of the registered owner, 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, or by such other method acceptable to the Paying Agent/Registrar requested by, and the risk and expense of, the registered owner. 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.

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

THIS BOND is one of an issue of Bonds initially dated November 15, 1997, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$4,405,000, for the purpose of refunding maturities 2000 through 2002 of the Series 1987 Bonds; maturities 2000 through 2005 of the Series 1988 Bonds; and maturities 2003 through 2006 of the Series 1989 Bonds.

THE BONDS of this Series scheduled to mature on FEBRUARY 15, 2006 are subject to mandatory redemption prior to their scheduled maturities, and shall be redeemed by the Issuer, in part, prior to their scheduled maturity, with money from the Mandatory Redemption Account of the Interest and Sinking Fund, with the particular Bonds or portion thereof to be redeemed to be selected by the Paying Agent/Registrar, by lot or other customary method (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000) at a redemption price equal to the par or principal amount thereof and accrued interest to the date of redemption, on the dates, and in the principal amounts, respectively, as shown in the following schedules:

<u>February 15, 2006 Maturity</u>	
<u>Mandatory Redemption Dates</u>	<u>Principal Amounts</u>
February 15, 1998	\$155,000
February 15, 1999	50,000
February 15, 2000	720,000
February 15, 2001	700,000
February 15, 2002	685,000
February 15, 2003	620,000
February 15, 2004	605,000
February 15, 2005	590,000
February 15, 2006	280,000 * payable at maturity

The principal amount of the Bonds required to be redeemed on each such redemption date pursuant to the foregoing operation of the Mandatory Redemption Account shall be reduced, at the option of the Issuer, by the principal amount of any Bonds, which at least 45 days prior to the mandatory sinking fund redemption date, (1) shall have been acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase, or (3) have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory sinking fund redemption. During any period in which ownership of the Bonds is determined by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

THIS BOND OR ANY PORTION OR PORTIONS HEREOF IN ANY INTEGRAL MULTIPLE OF \$5,000 may be assigned and shall be transferred only in the Registration Books of the Issuer kept by the Paying Agent/Registrar acting in the capacity of registrar for the Bonds, upon the terms and conditions 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 integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative, to evidence the assignment hereof. A new Bond or Bonds payable to such assignee or assignees (which then will be the new registered owner or owners of such new Bond or Bonds), or to the previous registered owner in the case of the assignment and transfer of only a portion of this Bond, may be delivered by the Paying Agent/Registrar in conversion of and exchange for this Bond, all in the form and manner as provided in the next paragraph hereof for the conversion and exchange of other Bonds. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the

Bond Ordinance, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Bond or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or portion thereof called for prepayment or redemption prior to maturity, within 45 days prior to its prepayment or redemption 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 promptly will 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 pursuant to the laws of the State of Texas; 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 and the Series of which it is a part 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 and principal come due, 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 manual or facsimile signature of the Mayor of the Issuer and countersigned with the manual or 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.

City Secretary

Mayor

The following shall be printed on the back of said Bonds:

"This Bond was originally delivered to and paid for by the Purchaser thereof on _____".

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

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
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.

Section 8. A SPECIAL INTEREST AND SINKING FUND (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, together with a Mandatory Redemption Account which shall mean that account established within the Interest and Sinking Fund as provided herein, 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 (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year), including such amounts to satisfy the mandatory redemption schedule for the Bonds maturing February 15, 2006 which shall be

deposited into the Mandatory Redemption Account, with such mandatory redemption of principal and interest constituting payment at maturity, on the dates and for the amount as follows:

<u>February 15, 2006 Maturity</u>	
<u>Mandatory Redemption Dates</u>	<u>Principal Amounts</u>
February 15, 1998	\$155,000
February 15, 1999	50,000
February 15, 2000	720,000
February 15, 2001	700,000
February 15, 2002	685,000
February 15, 2003	620,000
February 15, 2004	605,000
February 15, 2005	590,000
February 15, 2006	280,000 * payable at maturity

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 9. REDEMPTION OF BONDS. The Issuer shall redeem Bonds maturing on February 15, 2006 in principal amounts equal to the stated principal amounts for the respective Mandatory Redemption Dates all as set forth above. The principal amount of the Bonds maturing February 15, 2006 required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Bonds maturing February 15, 2006, which at least 50 days prior to the mandatory redemption date, (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer with moneys in the Interest and Sinking Fund, at a price not exceeding the principal amount of such Bonds and (3) has been redeemed pursuant to the optional redemption provision set forth herein and not theretofore credited against a mandatory redemption requirement. On the maturity date of any Bonds maturing February 15, 2006, the Issuer shall apply the moneys on hand in the Interest and Sinking Fund for the payment of principal and interest of the maturing Bonds.

Section 10. 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 10, 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 11. 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/Regis-

trar 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 11 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 6(d) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 12. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS AND BOND COUNSEL'S OPINION. The Mayor of the Issuer and/or the Mayor Pro Tempore is hereby authorized to have control of the Initial Bond issued hereunder and all necessary records and proceedings pertaining to the Initial Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Bond. The approving legal opinion of the Issuer's Bond Counsel may, at the option of the Issuer, be printed on the Initial Bond or on any Bonds issued and delivered in conversion of and exchange or replacement of any

Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 13. COVENANTS REGARDING TAX EXEMPTION. The Issuer covenants to refrain from taking any action which would adversely affect, and to take any required action to ensure, the treatment of the Bonds as obligations described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

(1) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

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

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

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

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

In order to facilitate compliance with the above covenant (h), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall

not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with Section 148 of the Code.

Section 14. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; and (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000.

Section 15. CONTINUING DISCLOSURE. For purposes of S.E.C. Rule 15(c)(2)(12), the Issuer hereby finds and determines that the Bonds evidence a placement with NationsBank of Texas, N.A., Abilene, Texas, and that no offers have been made to any person or entity by the Issuer, and that no "Participating Underwriter" is involved. Therefore, there will be no continuing disclosure undertaking pursuant to S.E.C. Rule 15(c)(2)(12), and the Issuer's sole responsibility to supply ongoing information are as set forth in this Section.

Section 16. SALE OF INITIAL BOND. The Initial Bond is hereby sold and shall be delivered to NationsBank of Texas, N.A., Abilene, Texas for cash for the principal amount thereof and accrued interest thereon pursuant to the terms and provisions of a Proposal accepted on November 20, 1997 by the Issuer. It is hereby officially found, determined, and declared that the Initial Bond has been sold pursuant to the terms and provisions of the proposal in substantially the form attached hereto as Exhibit A, which the Mayor Pro Tempore of the Issuer is hereby authorized and directed to execute and deliver as an acceptance, 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 Initial Bond shall be registered in the name of NationsBank of Texas, N.A., Abilene, Texas.

Section 17. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. The Mayor Pro Tempore of the Issuer is hereby authorized and directed to execute and deliver and the City Secretary of the Issuer is hereby authorized and directed to attest an Escrow Agreement in substantially the form attached hereto as Exhibit B. In Addition, the Mayor Pro Tempore is authorized to execute such subscription for the purchase of U. S. Treasury Securities, State and Local Government Series, or the purchase of direct obligations of the United States of America as may be necessary for the Escrow Fund, and to authorize such contributions as may be necessary for the Escrow Fund.

Section 18. NOTICE OF REDEMPTION. That there is attached to this Ordinance, as Exhibit C, and made a part hereof for all purposes, a notice of prior redemption for the Refunded Bonds to be redeemed prior to stated maturity, and such Refunded 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 19. NOTICE TO PAYING AGENT/REGISTRAR AND PUBLICATION. The Refunded Bonds described in Exhibit C attached hereto are so called for redemption, and The Bank of New York, New York is hereby directed to make appropriate arrangements so that such Refunded Bonds may be redeemed at said bank on the redemption date. A copy of such Notice of Redemption shall be delivered to the Paying Agent/Registrar so mentioned, and published in the Texas Bond Reporter.

Section 20. REASONS FOR REFUNDING. The Issuer deems it advisable to issue the refunding bonds in order to achieve a debt service savings of approximately \$368,775.40 a present value savings of approximately \$290,193.56.

Section 21. APPROPRIATION. There is hereby appropriated for transfer into the Interest and Sinking Fund, from available funds of the Issuer, moneys sufficient to pay the principal and interest coming due on the Bonds on February 15, 1998 and August 15, 1998.

Section 22. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

APPROVED this the 20th day of November, 1997.

Ray Ferguson
Mayor Pro Tempore

Am Moore
City Secretary

APPROVED AS TO FORM:

vg Cavilla
City Attorney

EXHIBIT A

Proposal

The Proposal has been omitted at this point as it appears in executed form elsewhere in this transcript.

EXHIBIT B

Escrow Agreement

The Escrow Agreement has been omitted at this point as it appears in executed form elsewhere in this transcript.

EXHIBIT C

NOTICE OF REDEMPTION

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

CITY OF ABILENE, TEXAS GENERAL OBLIGATION BONDS, SERIES 1987

City of Abilene, Texas General Obligation Bonds, Series 1987, dated March 15, 1987, maturing February 15, 2000 through February 15, 2003, in the aggregate principal amount of \$1,125,000, to call date of the Bonds so called for redemption at The Bank of New York, New York (formerly known as InterFirst Bank Fort Worth, N.A., Fort Worth, Texas). Call date: February 15, 1998.

On February 15, 1998, interest on the Bonds shall cease to accrue and be payable.

CITY OF ABILENE, TEXAS GENERAL OBLIGATION BONDS, SERIES 1988

City of Abilene, Texas General Obligation Bonds, Series 1988, dated May 15, 1988, maturing February 15, 2000 through February 15, 2005, in the aggregate principal amount of \$1,800,000, to call date of the Bonds so called for redemption at The Bank of New York, New York (formerly known as First Republic Bank Fort Worth, N/A., Fort Worth, Texas). Call date: February 15, 1998.

On February 15, 1998, interest on the Bonds shall cease to accrue and be payable.

CITY OF ABILENE, TEXAS GENERAL OBLIGATION BONDS, SERIES 1989

City of Abilene, Texas General Obligation Bonds, Series 1989, dated August 15, 1989, maturing February 15, 2003 through February 15, 2006, in the aggregate principal amount of \$1,300,000, to call date of the Bonds so called for redemption at The Bank of New York, New York (formerly known as NCNB Texas National Bank, Fort Worth, Texas). Call date: February 15, 1999.

On February 15, 1999, interest on the Bonds shall cease to accrue and be payable.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the aforementioned Bonds and in accordance with the recitals and provisions of said Bonds.

NOTICE IS GIVEN that due and proper arrangements have been made for providing the place of payment of said Bonds called for redemption with funds sufficient to pay the principal amount of said Bonds and the interest thereon to the redemption date. In the event said Bonds, or any of them are not presented for redemption by the date fixed for their redemption, they shall not thereafter bear interest.

NOTICE IS FURTHER GIVEN that the Bonds should be submitted to either of the following addresses:

By Hand

The Bank of New York
Att: Bond Redemption Unit
101 Barclay Street, Lobby Level
New York, New York 10286

By Mail

The Bank of New York
P. O. Box 11265
7th Floor, Church Street Station
New York, New York 10286

Gary D. McCaleb, Mayor