

48-2003  
**CERTIFICATE FOR ORDINANCE**

**THE STATE OF TEXAS** :  
**COUNTIES OF JONES & TAYLOR** :  
**CITY OF ABILENE** :

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

1. The City Council of said City convened in **REGULAR MEETING ON THE 25TH DAY OF NOVEMBER, 2003**, at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Grady Barr, Mayor  
Norm Archibald  
Kris Southward  
Anthony Williams  
John Hill  
Jimmy W. McNeil  
Kay Alexander

Jo Moore, City Secretary

and all of said persons were present, except the following absentees: None, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

**ORDINANCE NO. 2003- 48**  
**AUTHORIZING THE ISSUANCE OF CITY OF ABILENE, TEXAS COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2003A, IN THE PRINCIPAL AMOUNT OF \$4,296,985, AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT, AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT**

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".

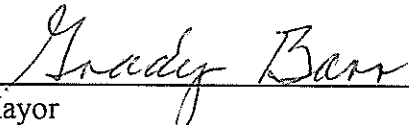
NOES: None.

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 Chapter 551, Texas Government Code.

3. That the Mayor 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 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 25<sup>TH</sup> day of November, 2003.

  
\_\_\_\_\_  
City Secretary

  
\_\_\_\_\_  
Mayor

(CITY SEAL)

**ORDINANCE NO. 2003-48**

**AUTHORIZING THE ISSUANCE OF CITY OF ABILENE, TEXAS COMBINATION TAX AND WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2003A, IN THE PRINCIPAL AMOUNT OF \$4,296,985, AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT, AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT**

<b>THE STATE OF TEXAS</b>	<b>§</b>
<b>COUNTY OF TAYLOR</b>	<b>§</b>
<b>CITY OF ABILENE</b>	<b>§</b>

**WHEREAS**, the City of Abilene, Texas (the "Issuer") has duly issued and there is now outstanding, the following series or issue of obligations 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 such obligations together with a pledge of the surplus revenues of the Issuer's Waterworks and Sewer System to fund the construction of a water transmission line, related water treatment facilities and electric transmission lines for delivery and treatment of water from O.H. Ivie Reservoir:

**CITY OF ABILENE, TEXAS** Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2001A, dated June 15, 2001, maturities February 15, 2004 through February 15, 2021, now outstanding in the aggregate principal amount of \$29,900,000 (the "Series 2001A Certificates of Obligation")

**CITY OF ABILENE, TEXAS** Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2001B, dated July 1, 2001, maturities February 15, 2004 through February 15, 2009, now outstanding in the aggregate principal amount of \$30,000,000 (the "Series 2001B Certificates of Obligation")

**WHEREAS**, the City has received from Rural Utilities Services (the "RUS") a grant in the amount of \$10,000,000 for the project which was originally funded by the proceeds of the Series 2001A Certificates of Obligation and Series 2001B Certificates of Obligation, which will be applied to the prepayment of the Series 2001B Certificates of Obligation and RUS has agreed to purchase the proposed City of Abilene, Texas Combination Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2003A (the "Series 2003A Bonds") to be authorized by this ordinance, in the principal amount of \$4,296,985 and the City of Abilene, Texas Combination Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2003B in the principal amount of \$5,703,015 (the "Series 2003B Bonds"), authorized concurrently herewith; and the Issuer will also, on December 4, 2003 authorize City of Abilene, Texas General Obligation Refunding Bonds, Series 2003C ("Series 2003C Bonds") in the principal amount of approximately \$14,005,000 of which \$10,000,000 of such proceeds shall be applied to refunding the Series 2001B Certificates and the Issuer now deems it advisable to refund all of the Series 2001B Certificates of Obligation in the principal amount of \$30,000,000 being maturities 2004 through 2009 as follows:

2003A Bond Proceeds	RUS Grant in connection with 2003A Bonds	2003B Bond Proceeds	RUS Grant in connection with 2003B Bonds	2003C Bond Proceeds	Maturity Being Refunded 2001B CO's	Principal Amount Outstanding
4,296,985 <sup>1</sup>	9,193,094 <sup>2</sup>	5,703,015 <sup>1</sup>	806,906 <sup>2</sup>	10,000,000 <sup>3</sup>	02/15/04	5,000,000
					02/15/05	5,000,000
					02/15/06	5,000,000
					02/15/07	5,000,000
					02/15/08	5,000,000
					02/15/09	5,000,000

<sup>1</sup> Bond proceeds in the amount of \$4,296,985 and \$5,703,015 from the Series 2003A and Series 2003B will be used to redeem maturities 2006 and 2007 of Series 2001B Certificates.  
<sup>2</sup> Grant proceeds will be used to redeem maturities 2004 and 2005 of Series 2001B Certificates.  
<sup>3</sup> Bond proceeds in the amount of \$10,000,000 from Series 2003C Bonds will be used to redeem maturities 2008 and 2009 of Series 2001B Certificate.

**WHEREAS**, the City Council deems it advisable to refund the Refunded Obligations in order to obtain the grant from RUS in the amount of \$10,000,000 to pre-pay the Series 2001B Certificates of Obligation and to fix the interest rate for 40 year payment schedule, with the refunding resulting in a debt service loss of \$4,514,926.57 and a net present value loss of \$211,027.11; and

**WHEREAS**, Chapter 1207 of the Government Code, 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**, Chapter 1207 of the Government Code, 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 Trust Company of Florida, N.A. is the paying agent for the Refunded Bonds, and the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207, Texas Government Code; 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; and

**WHEREAS**, the bonds hereinafter authorized and designated are to be issued and delivered pursuant to Chapter 1207, Texas Government Code; and

**WHEREAS**, the meeting was open to the public and public notice of the time, place and purpose of said meeting was given pursuant to Chapter 551, Texas Government Code.

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

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The bonds of the City of Abilene (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$4,296,285, for refunding the Refunded Obligations.

Section 2. DESIGNATION, DATE, DENOMINATION, NUMBERS, AND MATURITIES OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: "CITY OF ABILENE, TEXAS COMBINATION TAX AND REVENUE REFUNDING BOND, SERIES 2003A", and there shall be issued, sold, and delivered hereunder fully registered bond, without interest coupons, dated November 15, 2003, in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, numbered consecutively from R-1 upward, except for R-1 shall be in the denomination of \$41,985, (the "Bonds"), payable to the initial registered owner thereof, to-wit: United States of America, or to the registered assignee of any of said Bonds (in each case, the "Registered Owner"), and the 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>	<u>YEAR</u>	<u>AMOUNT</u>
2004	41,985	2018	75,000	2032	140,000
2005	40,000	2019	75,000	2033	145,000
2006	45,000	2020	80,000	2034	150,000
2007	45,000	2021	85,000	2035	160,000
2008	45,000	2022	90,000	2036	165,000
2009	50,000	2023	90,000	2037	175,000
2010	50,000	2024	95,000	2038	180,000
2011	55,000	2025	100,000	2039	190,000
2012	55,000	2026	105,000	2040	200,000
2013	60,000	2027	110,000	2041	205,000
2014	60,000	2028	115,000	2042	215,000
2015	65,000	2029	120,000	2043	225,000
2016	70,000	2030	125,000		
2017	70,000	2031	130,000		

Section 3. INTEREST. The Bonds scheduled to mature during the years, respectively, set forth above shall bear interest from the date of delivery to their respective dates of maturity, or redemption prior to maturity at the rate of either (i) 4.50% per annum or (ii) the interest rate offered by the United States of America to the Issuer as of the date of delivery of the first installment of the Bonds. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

Section 4. CHARACTERISTICS OF THE Bonds. (a) Registration and Transfer. The Issuer shall keep or cause to be kept at the principal corporate trust office of Bank One, National Association, Abilene, 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 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 evidencing the assignment of the Bond. A form of assignment shall be printed or endorsed on each 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 Bond for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall make notation of such transfer in the Assignment section appearing on each Bond, and deliver the Bond to the assignee. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery, 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 (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 called for redemption prior to maturity, within 20 days prior to its redemption 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 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 replacements of Bonds, as provided in this Ordinance.

(d) Replacement of Bonds; Authentication. Each Bond issued and delivered pursuant to this Ordinance may be replaced as provided in Section 4 and Section 12 of this Ordinance. If any Bond is replaced, the substitute Bond issued in replacement for such Bond thereof shall be in the denomination of \$5,000, except for R-1 in the amount of \$41,985, and have a principal maturity date corresponding to the maturity date of the principal of the Bond it is replacing; and each such Bond shall bear interest at the rate applicable to and borne by the Bond it is replacing. The Paying Agent/Registrar shall replace Bonds as

provided herein, and each fully registered bond delivered in replacement of any Bond as permitted or required by any provisions of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance, and may again be replaced. Each Bond delivered in replacement of another Bond shall be dated the same date as the Bonds originally issue hereunder. The Bonds originally 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 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 replacement of a bond 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 said 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 Chapter 1201, Texas Government Code, 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.

(e) In General. The Bonds originally issued hereunder and all Bonds issued in replacement of any Bond (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 redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (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 and to the effect as required or indicated, in the FORM OF 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 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.

(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 5. 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

NO. R-\_\_\_

\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF TAYLOR  
CITY OF ABILENE, TEXAS  
COMBINATION TAX AND REVENUE  
REFUNDING BOND, SERIES 2003A

INTEREST RATE

4.50%

MATURITY DATE

\_\_\_\_\_

ON THE MATURITY DATE specified above, the CITY OF ABILENE, in TAYLOR COUNTY (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the United States of America, acting by and through its agency, the Rural Utilities Service or its successor agency, or the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

\_\_\_\_\_ DOLLARS

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 its redemption prior to scheduled maturity, at the rate of 4.50% per annum, with said interest being payable on February 15, 2004, and semiannually on each August 15 and February 15 thereafter while this Bond is outstanding.

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 Bank One, National Association, 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 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 interest payment date, to the registered owner hereof, at its address as it appeared on the last business day next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this

Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued 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 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. Notwithstanding any provision of this Bond or the Ordinance to the contrary, as long as the registered owner is the United States of America, acting by and through the RUS, payment shall be made by the Issuer directly to the District Office of the RUS or such other place, as may be directed by the RUS, which is the office serving this loan.

THIS BOND is one of a series of Bonds, dated November 15, 2003, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$4,296,985, for refunding the Refunded Bonds.

ON FEBRUARY 15, 2004, or any date thereafter, the Bonds of this Series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, in inverse annual order, and, if in part, less than a whole maturity, the particular Bonds to be redeemed shall be selected and designated by the Issuer, at the redemption price of the principal amount, plus accrued interest to the date of redemption, provided all Bonds of this Series may be redeemed prior to maturity, in such manner and at such price at any time while all outstanding Bonds are held by the United States of America acting by and through the United States Department of Agriculture.

AT LEAST 20 days prior to the date fixed for any redemption of Bonds prior to maturity a written notice of such redemption shall be given by the Issuer to the Paying Agent/Registrar, and to the United States of America, if the United States of America owns any of the Bonds, and the Paying Agent/Registrar shall send a copy of such notice by United States mail, first-class postage prepaid, not less than 15 days prior to the date fixed for any such redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 20th day prior to such redemption date; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bonds, and it is hereby specifically provided that the giving of the notice by the Issuer to the Paying Agent/Registrar as required

above shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such written notice of redemption is published and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment.

THIS BOND 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 herein and 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 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 on this Bond shall be executed by the registered owner, or its duly authorized attorney or representative, to evidence the assignment hereof. 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 (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 called for redemption prior to maturity, within 20 days prior to its redemption 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.

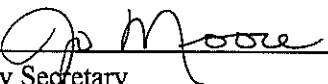
IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed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

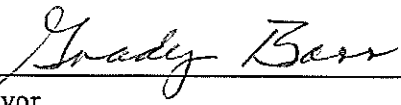
IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed,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

been pledged for such payment, within the limit prescribed by law, and that this Bond is additionally secured by and payable from the Surplus Revenues of the Issuer's Waterworks and Sewer System, after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the Net Revenues of the Issuer's Waterworks and Sewer System.

BY BECOMING the registered owner of this Bond, the registered owner hereby 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

(SEAL)

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

"This 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

(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

Bank One, National Association, Abilene, Texas

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 Tax  
Payer 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 \_\_\_\_\_

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

\_\_\_\_\_  
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Bond.

Section 6. DEFINITIONS. These definitions are required by Rural Utility Service Loan Program Requirements and as long as the Bonds are owned by RUS the following words and terms used in this Ordinance shall have the meanings as follows:

(a) The term "Agency Rules" shall mean the statutes, rules, regulations and policies of the former FmHA or of the RUS, in effect on the date hereof, which pertain to or which are applicable to the loan and such future statutes, rules, regulations and policies which are not inconsistent with the express provisions hereof.

(b) The term "FmHA" shall mean the Farmers Home Administration, a former agency of the United States of America within the United States Department of Agriculture and its successor agency, the RUS.

(c) The term "Loan" shall mean the loan in the amount of \$4,296,985 from RUS to the Issuer, which has been authorized under 7 U.S.C. § 1926, and which is represented by RUS's purchase of the Bonds.

(d) The term "Loan Document Provisions" shall mean the terms, conditions, requirements and provisions of the loan instruments and loan documents, including but not limited to, loan resolutions, security agreements, assurance agreements, certifications, and equal opportunity agreements, which were signed by the Issuer for the benefit of the United States of America and/or of the RUS, and for the purpose of obtaining the loan.

(e) The term "RUS" shall mean the Rural utilities Service, an agency of the United States of America within the United States Department of Agriculture, and any successor agency thereof.

Section 7. INTEREST AND SINKING FUND. A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Bonds. All ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Bonds are outstanding and unpaid, the governing body of said 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 said Bonds as such interest comes due and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original amount of said Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances 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 said Issuer, for each year while any of said Bonds 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 said Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 8. REVENUES. That said Bonds, together with other obligations of the Issuer, are additionally secured by and shall be payable from and secured by the revenues of the Issuer's Waterworks and Sewer System, after payment of all expenses or collections thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue Bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the Net Revenues of the Issuer's Waterworks and Sewer System, constituting "Surplus Revenues". The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 7, to the extent necessary to pay the principal and interest on the Bonds. Notwithstanding the requirements of Section 7, if Surplus Revenues are actually on deposit or budgeted for deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of



taxes which otherwise would have been required to be levied pursuant to Section 6 may be reduced to the extent and by the amount of the Surplus Revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes and revenues granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bonds are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and revenues granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the registered owners of the Bonds a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 9. ISSUANCE OF REVENUE BONDS AND CERTIFICATES OF OBLIGATION. The Issuer hereby expressly reserves the right to issue Waterworks and Sewer System revenue bonds payable from a lien on and pledge of the Net Revenues of the Waterworks and Sewer System, which lien and pledge are superior to any amounts from the Net Revenues of the Waterworks and System to be paid to secure the payment of the Bonds, including the Series 2003B Bonds to be authorized concurrently herewith, or other obligations. In addition, the Issuer reserves the right to issue additional certificates of obligation and combination tax and revenue bonds payable from and secured from surplus revenues of the Waterworks and Sewer System in the same manner as the Bonds.

Section 10. DEFICIENCIES IN FUNDS. If in any month the Issuer shall fail to deposit into any Fund created by this Ordinance the full amounts required, amounts equivalent to such deficiencies shall be set apart and paid into said Funds from the first available and unallocated Surplus Revenues of the Waterworks and Sewer System for the following month or months, and such payments shall be in addition to the amounts otherwise required to be paid into said Funds during such month or months. To the extent necessary, the Issuer shall increase the rates and charges for services of the Waterworks and Sewer System and the ad valorem tax rates, as needed, to make up for any such deficiencies.

Section 11. TRANSFER. That the Mayor and the City Secretary are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

Section 12. 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 (provided, however, such security or indemnity shall not be required from the United States of America, RUS, if permitted under State law). 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; however, this provision shall not be applicable if the Bonds are owned by the United States of America. 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 Chapter 1201, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the 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(d) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 13. **REMEDIES IN EVENT OF DEFAULT**. In addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or defaults in the observance or performance of any other of the contracts, covenants, conditions or obligations set forth in this Ordinance or in the Bonds, the following remedies shall be available:

(a) the registered owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Ordinance.

(b) any delay or omission to exercise any right or power according upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS. The Mayor of the Issuer is hereby authorized to have control of the Bonds initially issued 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 Bond.

Section 15. 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 \$1,000,000, 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 16. DISPOSITION OF PROJECT. The Issuer covenants that the property constituting the Project, originally financed by the Refunded Obligations, will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 17. CONTINUING DISCLOSURE EXEMPTION. The total amount of this issue is sold to the United States of America and is not an "underwriter"; therefore, under Rule 15c2-12, no undertaking is required with respect to these obligations.

Section 18. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to the United States of America, acting by and through its agency, the Rural Utilities Service or its successor agency.

Section 19. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. The Mayor 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 A. In Addition, the Mayor is authorized to execute 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. (This Escrow Agreement has been combined with the Escrow Agent for one Escrow Agreement for the proceeds of the Series 2003A, Series 2003 B

and Series 2003C Bonds.)

Section 20. NOTICE OF REDEMPTION. That there is attached to this Ordinance, as Exhibit B, and made a part hereof for all purposes, a notice of prior redemption for the Refunded Obligations to be redeemed prior to stated maturity, and such Refunded Obligations 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 21. NOTICE TO PAYING AGENT/REGISTRAR. The Refunded Obligations described in Exhibit B attached hereto are so called for redemption, and THE BANK OF NEW YORK TRUST COMPANY OF FLORIDA, N.A. is hereby directed to make appropriate arrangements so that such Refunded Obligations may be redeemed at said bank on the redemption date, and a copy of such Notice of Redemption shall be delivered to said bank.

Section 22. REASONS FOR REFUNDING. The City Council deems it advisable to refund the Refunded Obligations in order to obtain the grant from RUS in the amount of \$10,000,000 to pre-pay the Series 2001B Certificates of Obligation and to fix the interest rate for 40 year payment schedule, with the refunding resulting in a debt service loss of \$4,514,926.57 and a net present value loss of \$211,027.11

Section 23. COMPLIANCE WITH AGENCY RULES. (a) To the extent permitted by State law and if such law is not otherwise pre-empted by federal statute, regulation or rule, the Issuer shall comply with all agency rules and loan document provisions.

(b) Notwithstanding any other term, condition, requirement or provision contained in this Ordinance, the agency rules and loan document provisions shall, to the extent permitted by State law and if such law is not otherwise preempted by federal statute, regulation or rule, control to the extent of any conflict between the Ordinance and such agency rules or such loan document provisions.

(c) The provisions of this Section shall be operative only for so long as any of the Bonds issued under this ordinance are owned or held by (1) the United States of America; or (2) any agency thereof.

(d) The provisions of this Section shall not be used or shall not be construed so as to allow the Ordinance to violate any applicable provisions of Texas law to the extent that such law is not otherwise preempted by applicable federal statute, regulation or rule.

(e) Notwithstanding any other term, condition, requirement or provision contained in this ordinance as long as the Bonds are owned by RUS (i) redemption or prepayment of Bonds may occur without presentation or resignment of the Bonds; and (ii) interest on the Bonds shall continue to accrue and be payable to the United States of America so long as the Bonds remain unpaid and outstanding, and interest on the Bonds will not cease to accrue for any reason (including the establishment of a redemption date or prepayment date) until payment in full has been received by the United States of America. For the purpose

of determining "the date when payment in full has been received at the agency office designated to receive payments." Such date shall be:

1. When payment is made by hand delivery, the date when such payment has been physically delivered into the possession of such agency at the address given to the Issuer;
2. when payment is made by first class mail, the third day following Issuer's mailing of the payment, postage prepaid, using the U.S. postal Service and Issuer's receipt of written proof of the mailing from the U.S. Postal Service identifying the date of mailing;
3. when payment is made by overnight delivery, the first day following Issuer's sending of the payment, using the U.S. Postal Service or another delivery service, such as Federal Express, and issuer's receipt of written proof of sending from the delivery service identifying the date of sending;
4. when payment is made by electronic transfer of funds, the date that the electronic transfer of funds for the payment is completed; or
5. when payment is made by preauthorized electronic debit or draft, the date that the electronic debit or draft for the payment is paid.

(f) Notwithstanding any other term, condition, requirement or provision contained in this Ordinance, redemption or prepayment of a Bond may occur without presentation or presentment of the Bond.

(g) The provisions of this section shall be operative only for so long as any of the Bonds issued under this Ordinance are owned or held by: (1) the United States of America; or (2) any agency thereof.

(h) The provisions of this section shall not be used to or shall not be construed so as to allow the Ordinance to violate any applicable provision of Texas law to the extent that such law is not otherwise preempted by applicable federal statute, regulation or rule.

Section 24. APPROPRIATION. There is hereby appropriated for transfer to the Interest and Sinking Fund, from available funds, moneys sufficient to pay the interest coming due on the Bonds on February 15, 2004 and interest coming due on August 15, 2004.

Section 25. 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.

Section 26. SEVERABILITY. The provisions of this Ordinance are severable; and in case any one or more of the provisions of this Ordinance or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Ordinance nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 27. ADOPTION OF ORDINANCE. This Ordinance was adopted on one reading to become effective immediately in accordance with Section 1201.028, Texas Government Code.

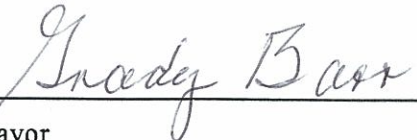
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APPROVED AND ADOPTED this 25th day of November, 2003.

ATTEST:

  
\_\_\_\_\_  
City Secretary

  
\_\_\_\_\_  
Mayor

APPROVED


  
\_\_\_\_\_  
City Attorney

EXHIBIT A

ESCROW AGREEMENT

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

EXHIBIT B

NOTICE OF REDEMPTION

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

City of Abilene, Texas Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2001B, dated July 1, 2001, in the principal amounts and maturities are called for redemption as follows:

<u>Maturity</u>	<u>Original Principal Amount</u>
02/15/ 2004	5,000,000
02/15/ 2005	5,000,000
02/15/ 2006	5,000,000
02/15/ 2007	5,000,000
02/15/ 2008	5,000,000
02/15/ 2009	5,000,000

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

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

IN COMPLIANCE with the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the broker reporting requirements, the redeeming institution is required to withhold 28% of the principal amount of your holdings redeemed unless they are provided with a W-9 Form certifying your social security number or federal employer tax identification number. Any questions regarding this notice may be addressed to The Bank of New York, New York, Corporate Trust Department, Attention: Bondholder Relations, 1-800-882-6559.

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

Mail Delivery or Hand Delivery

The Bank of New York  
Corporate Trust Operations  
111 Sanders Creek Parkway  
E. Syracuse, N.Y. 13057

Grady Barr, Mayor