

ORDINANCE NO. 084-085

AN ORDINANCE providing for the issuance of "TOWN OF ADDISON, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 1984," in the aggregate principal amount of \$8,000,000; making provisions for the payment and security of such obligations; providing for the sale and delivery thereof; enacting provisions incident and related to the purposes and subject of this Ordinance.

WHEREAS, under the provisions of Articles 1111 et. seq., V.A.T.C.S., the City Council of the Town of Addison, Texas (the "Town"), is authorized to issue Waterworks and Sewer System Revenue Bonds for the purpose of providing moneys to pay the costs and expenses to be incurred in and incident to the acquisition and construction of improvements to the Town's Waterworks and Sewer System (the "System");

WHEREAS, the Town is authorized to provide that such revenue bonds will be payable from and secured by a first lien on and pledge of the net revenues System;

WHEREAS, this City Council has found and determined that it is necessary and in the best interest of the Town and its citizens to issue the Series 1984 Bonds authorized by this Ordinance;

WHEREAS, pursuant to a resolution heretofore passed by this City Council, Notice of Intention to Issue Waterworks and Sewer System Revenue Bonds was published in the Dallas Times Herald, a newspaper of general circulation in the Town, on October 11, 1984 and October 18, 1984, the date of the first publication of such notice being at least fourteen (14) days prior to the date stated therein for the passage of this Ordinance;

WHEREAS, no petition of any kind has been filed with the City Secretary, any member of this Council or any other officer of the Town requesting a referendum election on the question of the issuance of the Series 1984 Bonds;

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

Section 1. Authorization. That, for the purpose of improving and extending the Town's Water System, there shall be and there is hereby authorized to be issued under and by virtue of the Constitution and Laws of the State of Texas, including particularly Articles 1111 et seq., Vernon's Texas Civil Statutes, as amended, a series of revenue bonds to be known as "Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds, Series 1984," in the aggregate principal amount of Eight Million Dollars (\$8,000,000).

Section 2. Denomination and Maturity. That said Series 1984 Bonds shall be in fully registered form, without coupons; dated November 1, 1984; shall be numbered consecutively from One (1) upward; shall be in denominations of \$5,000 or integral multiples thereof; and shall become due and payable serially on May 1 in each of the years in the principal amounts set forth in the following schedule:

<u>YEARS</u> <u>(MAY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>	<u>YEARS</u> <u>(MAY 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT</u>
1986	\$ 75,000	1998	\$ 250,000
1987	75,000	1999	275,000
1988	75,000	2000	300,000
1989	100,000	2001	325,000
1990	100,000	2002	375,000
1991	125,000	2003	400,000
1992	125,000	2004	450,000
1993	150,000	2005	500,000
1994	150,000	2006	550,000
1995	175,000	2007	1,000,000
1996	200,000	2008	1,000,000
1997	225,000	2009	1,000,000

Section 3. Interest Rate, Payment. (a) That said Series 1984 Bonds shall bear interest from the later of November 1, 1984, or the most recent interest payment date to which interest has been paid or duly provided for, at the following rates per annum:

Series 1984 Bonds maturing in the year 1986	12.50%
Series 1984 Bonds maturing in the year 1987	12.50%
Series 1984 Bonds maturing in the year 1988	12.50%
Series 1984 Bonds maturing in the year 1989	12.50%
Series 1984 Bonds maturing in the year 1990	12.50%
Series 1984 Bonds maturing in the year 1991	12.50%
Series 1984 Bonds maturing in the year 1992	12.50%
Series 1984 Bonds maturing in the year 1993	12.50%
Series 1984 Bonds maturing in the year 1994	10.80%
Series 1984 Bonds maturing in the year 1995	9.50%
Series 1984 Bonds maturing in the year 1996	9.60%
Series 1984 Bonds maturing in the year 1997	9.70%
Series 1984 Bonds maturing in the year 1998	9.80%
Series 1984 Bonds maturing in the year 1999	9.90%
Series 1984 Bonds maturing in the year 2000	10.00%
Series 1984 Bonds maturing in the year 2001	10.10%
Series 1984 Bonds maturing in the year 2002	10.20%
Series 1984 Bonds maturing in the year 2003	10.20%
Series 1984 Bonds maturing in the year 2004	10.25%
Series 1984 Bonds maturing in the year 2005	10.25%
Series 1984 Bonds maturing in the year 2006	10.25%
Series 1984 Bonds maturing in the year 2007	9.75%
Series 1984 Bonds maturing in the year 2008	9.75%
Series 1984 Bonds maturing in the year 2009	9.75%

with said interest to be payable on May 1, 1985, and semiannually thereafter until paid on each November 1 and May 1.

(b) Interest on any Series 1984 Bond which is payable and is punctually paid or duly provided for on any interest payment date shall be paid to the person in whose name that Series 1984 Bond (or one or more predecessor Series 1984 Bonds) is registered at the close of business on the 15th day of the month next preceding such interest payment date (the "Record Date"). However, in the event that interest is not paid on a scheduled interest payment date and remains unpaid for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. 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 business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Series 1984 Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) All payments of interest on the Series 1984 Bonds shall be paid by check, dated as of the interest payment date and mailed by the Paying Agent/Registrar (as hereinafter defined) to the person entitled to such payment, first class postage prepaid, at the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such customary banking arrangements.

(d) Principal of and premium, if any, on any Series 1984 Bond shall be paid to the person in whose name such Series 1984 Bond is registered at the maturity or earlier redemption thereof, upon surrender of such Series 1984 Bond to the Paying Agent/Registrar for cancellation.

(e) The principal of, premium, if any, and interest on the Series 1984 Bonds shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium, if any, and interest on the Series 1984 Bonds shall be without exchange or collection charges to the Owners thereof.

(f) Each Series 1984 Bond delivered upon transfer or in exchange for or in lieu of any other Series 1984 Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Series 1984 Bond, and each such Series 1984 Bond shall bear interest (as specified in this Section 3) so neither gain nor loss in interest shall result from such transfer, exchange, or substitution.

Section 4. Optional Redemption.

(a) The Town reserves the right and option to redeem the Series 1984 Bonds maturing on and after May 1, 1996, in whole or in part, before their respective scheduled maturity dates, on May 1, 1995, or on any interest payment date thereafter at a price equal to the principal amount of the Series 1984 Bonds so called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the date fixed for redemption.

(b) If less than all of the Series 1984 Bonds subject to optional redemption are to be redeemed, the Town shall determine which maturity or maturities, and the amounts within each maturity to be redeemed, and shall direct the Paying Agent/Registrar to call for redemption, by lot, Series 1984 Bonds, or portions thereof, within such maturity or maturities and in such amounts.

(c) The Town, at least 45 days prior to the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Series 1984 Bonds to be redeemed.

(d) The Paying Agent/Registrar shall give notice of any redemption of Series 1984 Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days prior to the date fixed for redemption, to the Owner of each Series 1984 Bond (or portion thereof) to be redeemed, at the address shown in the Register. Such notice shall state among other things, the redemption date, the principal amount of the Series 1984 Bonds to be redeemed, that the Series 1984 Bonds so called for redemption shall cease to bear interest after the redemption date and that payment of the Series 1984 Bonds so redeemed shall be made only upon the presentation and surrender of Series 1984 Bonds so called for redemption at the principal corporate trust office of the Paying Agent/Registrar. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner of the Series 1984 Bond, or portion thereof, so called for redemption receives such notice.

Section 5. Forms Generally. (a) The Series 1984 Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, which may be omitted from the engraved, lithographed or printed Series 1984 Bonds, the Certificate of Registration, and the form of Assignment to be printed on each of the Series 1984 Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of bond counsel) thereon as may, consistently herewith, be established by the Town or determined by the officers executing such Series 1984 Bonds as evidenced by their execution thereof. Any portion of the text of any Series 1984 Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Series 1984 Bond.

(b) The Series 1984 Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing such Series 1984 Bonds as evidenced by their execution thereof, but the initial Series 1984 Bond or Series 1984 Bonds submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

Section 6. (a) Form of Series 1984 Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Dallas
Town of Addison, Texas
Waterworks and Sewer System
Revenue Bond
Series 1984

Interest Rate:

Due:

Initial Date:
November 1, 1984

CUSIP NO:

The Town of Addison (the "Town"), in the State of Texas, for value received, hereby promises to pay to

or registered assigns, on the due date specified above the sum of

_____ DOLLARS

and to pay interest on such principal amount from the later of the Initial Date specified above or the most recent interest payment date to which interest has been paid or duly provided for, semiannually on November 1 and May 1 in each year, commencing May 1, 1985, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. The principal of this bond is payable at the principal corporate office of the Paying Agent/Registrar executing the registration certificate appearing hereon, upon presentation and surrender of this bond. The interest payable on any interest payment date will be paid to the registered owner of this bond whose name appears on the register maintained by the Paying Agent/Registrar at the close of business on the Record Date for such interest, which shall be the fifteenth day of the month next preceding such interest payment date. In the event that interest is not paid on a scheduled payment date and remains unpaid 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 Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of the owner of this bond as set forth on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing of such notice. All such payments may be made by the Paying Agent/Registrar by check or draft dated as of the interest payment date and mailed to such registered owner or by such other customary banking arrangements acceptable to the Paying Agent/ Registrar and the person to whom interest is to be paid; provided, however, that

such person shall bear all risk and expense of such customary banking arrangements. All payments of principal of, premium, if any, and interest on this bond shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, without exchange or collection charges to the registered owner of this bond.

This bond is one of the series of fully registered bonds specified in its title (the "Bonds") issued in the aggregate principal amount of \$8,000,000 pursuant to an Ordinance (the "Ordinance") adopted by the governing body of the Town on November 1, 1984, for the purpose of improving and extending the Town's Water System in accordance with the Constitution and laws of the State of Texas, particularly Articles 1111 et seq., V.A.T.C.S.

The Town has reserved the option to redeem the Bonds maturing on and after May 1, 1996, in whole or in part, by lot in principal amounts of \$5,000 or integral multiples thereof, on May 1, 1995, or on any interest payment date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date.

Notice of redemption shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

The Bonds constitute special obligations of the Town of Addison, Texas, are payable solely from and equally secured by a first lien on and pledge of the net revenues of the Town's combined Waterworks and Sewer System.

The Town expressly reserves the right to issue additional revenue obligations in all things on a parity with the Bonds, payable solely from and equally secured by a first lien on and pledge of the net revenues of the Town's combined Waterworks and Sewer System; provided, however, that any and all such additional obligations may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance to which reference is hereby made for more complete and full particulars.

The registered owner hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

It is hereby certified and recited that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on the Bonds by irrevocably pledging the net revenues of the Waterworks and Sewer System of the Town of Addison, Texas, as hereinabove recited.

Subject to certain limitations set forth in the Ordinance, this bond is transferable upon surrender of this bond for transfer at the principal office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the registered owner hereof or his attorney duly authorized in writing and thereupon one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees. Neither the Town nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of the registered owner hereof any Bond called for redemption in whole or in part within 30 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to any exchange of the unredeemed balance of any Bond called in part for redemption.

The Town, the Paying Agent/Registrar, and any agent of either of them may treat the person in whose name this bond is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this bond be overdue, and neither the Town, the Paying Agent/Registrar, nor any such agent shall be affected by notice to the contrary.

In case any provision in this bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. This bond shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the Town of Addison, Texas, has caused the seal of said Town to be impressed or a facsimile thereof to be printed hereon, and to be executed with the manual or imprinted facsimile signatures of the Mayor and City Secretary of said Town.

Mayor, Town of Addison, Texas

COUNTERSIGNED:

City Secretary, Town of Addison, Texas

(b) Form of Registration Certificate of Comptroller of Public Accounts

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

§
§
§
§

REGISTER NO. _____

THE STATE OF TEXAS

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 further that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the bonds referred to in the within-mentioned Ordinance and the initial bond of this series was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas under Register No. _____.

as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and Zip code of transferee:) _____

(Social Security or other identifying number: _____

_____) the within bond and rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature guaranteed by:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

Authorized Signatory

(e) Initial Series 1984 Bond Insertions.

The Initial Series 1984 Bond shall be substantially in the form set forth in paragraph (a) of this Section, except that:

(i) immediately under the name of the Series 1984 Bond the headings "Interest Rate _____" and "Due _____" shall both be completed with the expression "as shown below;"

(ii) in the first paragraph:

(a) the words "on the due date specified above" shall be deleted and the following will be inserted: "on the first day of May in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year</u>	<u>Principal Installments</u>	<u>Interest Rate"</u>
-------------	-------------------------------	-----------------------

(Information to be inserted from schedule in Sections 2 and 3 hereof.)

(b) the words "executing the registration certificate appearing hereon" shall be deleted and an additional sentence shall be added to the paragraph as follows: "The initial Paying Agent/Registrar is First City Bank of Dallas, Dallas, Texas."; and

(iii) the initial Series 1984 Bond shall be numbered T-1.

Section 7. Execution, Registration, Delivery and Dating. (a) The seal of the Town may be printed, lithographed or impressed on each Series 1984 Bond. The Series 1984 Bonds shall be executed on behalf of the Town by the Mayor of the Town whose signature shall be countersigned by the City Secretary. The signature of

these officers on the Series 1984 Bonds may be manual or imprinted or lithographed facsimile. The Series 1984 Bonds bearing the manual or imprinted or lithographed facsimile signatures of individuals who were at the time the proper officers of the Town shall bind the Town, notwithstanding that such individuals shall cease to hold such offices prior to the certification or registration and delivery of such Series 1984 Bonds or shall not have held such offices at the date of such Series 1984 Bonds, all as provided in the Bond Procedures Act of 1981, as amended.

(b) Initially one Series 1984 Bond (the "Initial Series 1984 Bond") representing the entire principal amount of all Series 1984 Bonds shall be issued in the name of the initial purchaser of the Series 1984 Bonds or his designee and shall be executed and submitted to the Attorney General of Texas for approval, and thereupon certified by the Comptroller of Public Accounts of the State of Texas, or by a deputy designated in writing to act for the Comptroller, by manual signature of the Comptroller or a deputy acting on behalf of the Comptroller.

(c) If the Paying Agent/Registrar is in receipt of timely written instructions (in form and substance satisfactory to the Paying Agent/Registrar) from the initial purchaser of the Series 1984 Bonds, or his designee, designating the persons and their addresses, the maturities and principal amounts to and in which the Initial Series 1984 Bond is to be transferred, then the Paying Agent/Registrar upon payment of the Initial Series 1984 Bond shall cancel the Initial Series 1984 Bond and deliver, without cost, registered Series 1984 Bonds pursuant to such instructions. In the absence of such instructions, the Paying Agent/Registrar shall deliver the Initial Series 1984 Bond to the initial purchaser of the Series 1984 Bonds upon receipt of the purchase price therefor. The Paying Agent/Registrar is not required to accept registration instructions after the fifth day prior to the delivery and payment of the Initial Series 1984 Bond.

(d) No Series 1984 Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Series 1984 Bond either a certificate of registration substantially in the form provided herein, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided herein, executed by an authorized signatory of the Paying Agent/Registrar by manual signature, and either such certificate upon any Series 1984 Bond shall be conclusive evidence, and the only evidence, that such Series 1984 Bond has been duly certified or registered and delivered.

Section 8. Paying Agent/Registrar. (a) The Town will at all times maintain a Paying Agent/Registrar meeting the qualifications herein described, for the performance of the duties hereunder. First City Bank of Dallas, Dallas, Texas, is hereby appointed the initial Paying Agent/Registrar for such purposes. The Town reserves the right to appoint a successor Paying Agent/Registrar by (1) filing with the person then performing such function a certified copy of a resolution, ordinance or order giving notice of the termination of the Paying Agent/Registrar relationship and appointing a successor and (2) causing notice to be given to each bondholder.

(b) Every Paying Agent/Registrar appointed hereunder shall at all times be a national or state banking institution, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties of Paying Agent/Registrar.

(c) The execution and delivery of a Paying Agent/Registrar Agreement, as presented at the meeting at which this Ordinance was considered, specifying the duties and responsibilities of the Town and the Paying Agent/ Registrar, is hereby approved with such changes as may be approved by the Mayor of the Town, and the Mayor of said Town is hereby authorized to execute such agreement.

Section 9. Definitions. That for all purposes of this Ordinance, the following words shall have the following meanings, respectively:

(a) The term "Additional Bonds" means the additional parity Bonds which the Town reserves the right to issue under the provisions of Section 20 of this Ordinance.

(b) The term "Bonds" means the Series 1984 Bonds and any Additional Bonds at any time outstanding.

(c) The term "Interest and Sinking Fund" means the Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund created and established pursuant to Section 12 of this Ordinance.

(d) The term "Net Revenues" means all income, revenues, and receipts of every nature derived from and received by virtue of the operation of the System (including interest income and earnings received from the investment of moneys in the special Funds created by this Ordinance or ordinances authorizing the issuance of Additional Bonds) after deducting and paying, and making provision for the payment of, current expenses of maintenance and operation thereof, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such expenses for repairs and extensions as in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the System in operation and to render adequate service to the Town and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from the Net Revenues of the System, shall be deducted in determining "Net Revenues." Contractual payments for the purchase of water or the treatment of sewage shall be a maintenance and operating expense of the System to the extent provided in the contract incurred therefor and as may be authorized by law. Depreciation shall never be considered as an expense of operation and maintenance.

(e) The term "Ordinance" means this ordinance, under which the Series 1984 Bonds are authorized and under the provisions of which all Additional Bonds will be issued.

(f) The term "Reserve Fund" means the Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds Reserve Fund created and established pursuant to Section 12 of this Ordinance.

(g) The term "Revenue Fund" means the Town of Addison, Texas, Waterworks and Sewer System Revenue Fund created and established pursuant to Section 12 of this Ordinance.

(h) The term "Series 1984 Bonds" means, as aforesaid, the Town's waterworks and sewer system revenue bonds, issued pursuant to the provisions of

this Ordinance and designated as "Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds, Series 1984."

(i) The term "System" means the Town's existing combined waterworks system and sewer system, including all properties (real, personal or mixed and tangible or intangible) owned, operated, maintained, and vested in, the Town for the supply, treatment and distribution of treated water for domestic, commercial industrial and other uses and the collection and treatment of water-carried waste, together with all future additions, extensions, replacements and improvements thereto.

Section 10. Pledge. (a) That the Bonds are, in all respects, on a parity and equality of lien one with the other payable from a first and superior pledge of and lien upon the Net Revenues of the System.

(b) That the Town covenants and agrees that the entire Net Revenues of the System are hereby irrevocably pledged to the payment of the Bonds and to the establishment and maintenance of reserves therefor, if any, required by this Ordinance and any future ordinances authorizing any Additional Bonds.

Section 11. Rates and Charges. That, for the benefit of the original purchasers and any and all subsequent holders of the Bonds, or any part thereof, and in addition to all other provisions and covenants contained in this Ordinance, it is expressly agreed that the Town shall, at all times while any of the Bonds are outstanding and unpaid, fix and maintain rates and collect charges for the facilities and services afforded by the System, which will provide revenues annually at least equal to the amount required to:

(a) pay for all operation, maintenance, depreciation, replacement and betterment charges of the System;

(b) establish and maintain the Interest and Sinking Fund and Reserve Fund requirements contained in this Ordinance and in the ordinances relating to any Additional Bonds; and

(c) produce Net Revenues anticipated each year to be not less than 1.25 times the average annual principal and interest requirements of the Bonds from time to time outstanding.

Section 12. Funds. That the Town covenants and agrees that all revenues derived from the operation of the System shall be kept separate from other funds of the Town. To that end, the following special Funds shall be established and maintained in an official depository bank of the Town so long as any of the Bonds are outstanding and unpaid, to-wit:

(a) "Town of Addison, Texas, Waterworks and Sewer System Revenue Fund," herein called the "Revenue Fund";

(b) "Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds Interest and Sinking Fund," herein called the "Interest and Sinking Fund"; and

(c) "Town of Addison, Texas, Waterworks and Sewer System Revenue Bonds Reserve Fund," herein called the "Reserve Fund".

Section 13. Revenue Fund. That the Town shall deposit, from day to day as collected, all revenues of every nature derived from the operation of the System into the Revenue Fund and the money from time to time on deposit therein shall be appropriated to the following uses in the following order of priority, to-wit:

(a) to the payment of all necessary and reasonable expenses of operation and maintenance of the System as said expenses are defined by law;

(b) to the "Interest and Sinking Fund" and "Reserve Fund" when and in the amounts required by this Ordinance and for the payment of the principal of and interest on the Bonds when and as due and payable and for the creation of a reserve therefor; and

(c) to any other purpose of the Town now or hereafter permitted by law.

Section 14. Interest and Sinking Fund. (a) That, commencing January 1, 1985 and on the first day of each month thereafter, the Town shall deposit into the Interest and Sinking Fund an amount equal to one-sixth (1/6th) of the interest scheduled to come due on the Series 1984 Bonds on the next interest payment date thereof, less any amounts already on deposit therein for such purpose derived from the proceeds of Bonds or from other lawfully available sources.

(b) That, in addition to the deposits required by subsection (a), next above, commencing May 1, 1985, and on the first day of each month thereafter, the Town shall deposit into the Interest and Sinking Fund an amount equal to one-twelfth (1/12th) of the principal maturing on the Series 1984 Bonds during each of the years 1986 through 2009, inclusive.

(c) That, in addition to the above requirements of this Section 14, the Town shall make additional deposits into the Interest and Sinking Fund at the times and in the amounts specified in any ordinance authorizing the issuance of Additional Bonds pursuant to this Ordinance.

(d) That the Interest and Sinking Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds as such principal matures and such interest becomes due and payable.

Section 15. Reserve Fund. (a) The Town covenants and agrees that it will continuously maintain in the Reserve Fund an amount equal to not less than the average annual principal and interest requirements on all Bonds from time to time outstanding (the "Reserve Fund Requirement"), and that, upon the issuance of Additional Bonds, it will increase, if necessary, and accumulate the amount to be deposited to the Reserve Fund in accordance with the requirements set forth in Section 15 hereof. The Reserve Fund requirement shall be accumulated in not more than sixty (60) months from the date of the Series 1984 Bonds or the Additional Bonds, as applicable. For so long as the funds on deposit in the Reserve Fund are equal to the Reserve Fund Requirement, no additional deposits need to be made therein, but should the Reserve Fund at any time contain less than the Reserve Fund Requirement, then, subject and subordinate to making the required deposits to the

credit of the Interest and Sinking Fund, the Town shall restore such deficiency from the first available Net Revenues on deposit in the Revenue Fund. The money on deposit in the Reserve Fund shall be used solely for the purpose of paying the principal of and interest on the Bonds at any time there are not sufficient moneys on deposit in the Interest and Sinking Fund for such purpose.

(b) The Town may, at its option, withdraw all surplus in the Reserve Fund over the Reserve Fund Requirement and deposit the same in the Revenue Fund.

(c) For the purpose of determining compliance with the requirements of subsection (a) of this Section, investment securities shall be valued from time to time at their cost or market value, whichever is lower, except that any direct obligations of the United States (State and Local Government Series) held for the benefit of the Reserve Fund in book-entry form shall be continuously valued at their par value or face principal amount.

Section 16. Payment of Bonds. That on or before any interest payment date for the Bonds while any of the Bonds are outstanding, the Town shall make available to the paying agents therefor, in funds which will be immediately available on the next succeeding business day, out of the Interest and Sinking Fund and the Reserve Fund, if necessary, money sufficient to pay such interest on and such principal of the Bonds as will accrue or mature, or will become due by reason of optional or mandatory redemption. The paying agents shall destroy all paid Bonds and shall furnish the Town with an appropriate certificate of cancellation or destruction.

Section 17. Investment of Certain Funds. That money in any Fund established pursuant to this Ordinance may, at the option of the Town, be placed in time deposits or certificates of deposit secured by obligations of the type hereinafter described, or may be invested, including investments held in book-entry form, in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are secured by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, United States Postal Service, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such manner as will permit money required to be expended from a Fund to be available at the proper time or times for the purposes thereof. Except as otherwise provided in Section 15 hereof, such investments shall be valued each year in terms of current market value as of the last day of the Town's fiscal year. All interest and earnings derived from deposits and investments in the Interest and Sinking Fund immediately shall be credited to, and any losses shall be debited to, the Interest and Sinking Fund. All such investments shall be sold promptly, when necessary, to prevent any default in connection with the Bonds.

Section 18. Deficiencies in Funds. If, at any time, the Town shall fail to deposit into any Fund created by this Ordinance the full amounts required hereby, the amounts equivalent to such deficiencies shall be set apart and paid into said

Fund from the first available and unallocated Net Revenues of the System, and such payments shall be in addition to the amounts otherwise required hereby to be paid into said Funds. To the extent necessary, the Town shall increase the rates and charges for services of the System to make up for any such deficiencies.

Section 19. Security of Funds. That all Funds created by this Ordinance, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 20. Additional Bonds. (a) That, in addition to the right to issue bonds of inferior lien as authorized by law, the Town reserves the right to issue Additional Bonds, under and in accordance with this Section, for the purpose of improving, extending, equipping and repairing the System and for the purpose of refunding, in any lawful manner, any part or all of the Bonds then outstanding. The Additional Bonds shall be secured by and payable from a first and superior lien on and pledge of the Net Revenues in the same manner and to the same extent as the Series 1984 Bonds; and the Series 1984 Bonds, any then outstanding Additional Bonds, and the Additional Bonds then proposed to be issued shall in all respects be on a parity and of equal dignity as to lien and right. Additional Bonds may be issued under this Section in one or more installments; provided, however, that none of the Additional Bonds shall be issued unless and until the following conditions have been met, to-wit:

(i) The Town is not then in default as to any covenant, condition or obligation prescribed by any ordinance authorizing the issuance of the outstanding Bonds;

(ii) Each of the special Funds created for the payment and security of the Bonds contain the amount of money then required to be on deposit therein;

(iii) The Town has secured from a Certified Public Accountant a certificate showing that the Net Earnings of the System for either the completed fiscal year next preceding the date of the Additional Bonds or a consecutive twelve-month period out of the last fifteen months next preceding the date of the Additional Bonds is equal to at least 1.25 times the average annual principal and interest requirements and at least 1.10 times the maximum annual principal and interest requirements (calculated on a fiscal year basis) of all Bonds which will be outstanding after the issuance of the proposed Additional Bonds. However, (A) should the certificate of the accountant certify that the Net Earnings of the System for the period covered thereby were less than required above, and (B) a change in the rates and charges for water and sewer services afforded by the System became effective at least 60 days prior to the last day of the period covered by the accountant's certificate, and (C) an independent engineer or engineering firm having a favorable reputation with respect to such matters will certify that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Earnings of the System covered by the accountant's certificate would have been, in his or their opinion, equal to at least 1.25 times the average annual principal and interest requirements and at least 1.10 times the maximum annual principal and

interest requirements (calculated on a fiscal year basis) of the outstanding Bonds after giving effect to the issuance of the Additional Bonds, then, in such event, the coverage specified in the first sentence of this paragraph (iii) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by an engineer's certificate to the above effect;

(iv) The ordinance authorizing the Additional Bonds (A) requires that deposits shall be made into the Interest and Sinking Fund in amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same become due; and (B) provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased to an amount equal to the Reserve Fund Requirement for all Bonds to be outstanding after the issuance of said Additional Bonds. Such additional amount shall be so accumulated in not more than sixty (60) months from the date of the Additional Bonds; and

(v) The Additional Bonds are scheduled to mature only on May 1, and the interest thereon is scheduled to be paid on May 1 and November 1 (or both).

(b) The term "Net Earnings," as used in this Section, shall mean all income, receipts and revenues derived from the operation of the System, including interest earned on invested moneys in the special Funds created herein for the payment and security of obligations payable from the Net Revenues, after deduction of maintenance and operating expenses but not deducting depreciation, debt service payments on Bonds and other expenditures which, under standard accounting practice, should be classified as capital expenditures. Revenues and receipts resulting solely from the ownership of the System (grants, meter deposits and gifts) and interest earned on construction funds created from Bond proceeds shall not be treated or included as income, revenues or receipts from the operation of the System for purposes of determining "Net Earnings."

(c) Wherever, in this Section, the Town reserves the right to issue Additional Bonds, such term shall also include, mean and refer to any other forms or types of obligations which may be made lawfully payable from and secured by the same source of revenues of the Town.

(d) The Town covenants that, for so long as any principal or interest pertaining to any Bonds remain outstanding and unpaid, it will not authorize or issue any further bonds of the Town secured by a lien on and pledge of the revenues of the System superior or senior to the pledge and lien created herein for the Bonds, or secured by a lien on and pledge of the revenues of the System on a parity with the Bonds except in conformity with the provisions of this Section.

Section 21. Maintenance and Operation, Insurance. (a) That the Town hereby covenants and agrees that the System shall be operated on a fiscal year basis and shall be maintained in good condition and operated in an efficient manner and at reasonable cost. So long as any of the Bonds are outstanding, the Town agrees to maintain insurance on the System of a kind and in an amount customarily carried by municipal corporations in the State of Texas engaged in a similar type of business. Nothing in this Ordinance shall be construed as requiring the Town to expend any

funds which are derived from sources other than the operation of the System but nothing herein shall be construed as preventing the Town from doing so.

(b) That the Town further covenants and agrees with the owner or owners of the Bonds from time to time, that it will maintain and operate the System with all possible efficiency while any of the Bonds remain outstanding and unpaid, and that it will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State of Texas, including the making and collecting of reasonable and sufficient rates for water and sewer services supplied by the System, and segregation and application of the revenues of the System as required by the provisions of this Ordinance.

Section 22. Records, Accounts, Accounting Reports. That the Town hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of the System and its component parts separate and apart from all other records and accounts of the Town in accordance with accepted accounting practices prescribed for municipal corporations, and complete and correct entries shall be made of all transactions relating to the System, as provided by Article 1113, Vernon's Annotated Texas Civil Statutes, as amended. The owner or owners of any Bonds or any duly authorized agent or agents of such holders, shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto and to inspect the System and all properties comprising same. The Town further agrees that as soon as possible following the close of each fiscal year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

(a) A detailed statement of the income and expenditures of the components of the System for such fiscal year;

(b) A balance sheet as of the end of such fiscal year;

(c) A detailed statement of the source and disposition of all funds of the System during such fiscal year; and

(d) The Accountant's comments regarding the manner in which the Town has complied with the covenants and requirements of this Ordinance and his recommendations for any changes or improvements in the operation, records and accounts of the System.

Expenses incurred in making the audits above referred to are to be treated as maintenance and operating expenses of the System and paid as such. Copies of the aforesaid annual audit shall be immediately furnished, upon written request, to the original purchasers and any subsequent holder of the Bonds.

Section 23. Final Deposits, Governmental Obligations. (a) That any Bond shall be deemed to be paid, retired, and no longer outstanding within the meaning of this Ordinance when payment of the principal and interest thereon to its due date (whether such due date be by reason of maturity, 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 by irrevocably depositing with, or making available to, a paying agent therefor, in trust and irrevocably set aside exclusively for such payment, (A) money sufficient to make such payments, or (B) Government Obligations, as hereinafter defined in this Section, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of such paying agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such paying agent. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or a lien on and pledge of the Net Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) That money so deposited with a paying agent may, at the direction of the Town, be invested in Government Obligations maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the paying agents pursuant to this Section which is not required for the payment of the Bonds, and interest thereon, with respect to which such money has been deposited, shall be delivered to the Town or deposited as directed by the Town.

(c) That the Town covenants that no deposit will be made or accepted under subsection (a) of this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended.

(d) That, for the purpose of this Section, the term "Government Obligations" 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, and which may be in book-entry form.

Section 24. Remedies in Event of Default. That, in addition to all the rights and remedies provided by the laws of the State of Texas, the Town covenants and agrees particularly that in the event the Town (a) defaults in payments to be made to the Interest and Sinking Fund or the Reserve Fund as required by this Ordinance, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the owner or owners of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the Town and its officers to observe and perform any covenant, condition or obligation prescribed in this Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall 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. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

Section 25. Bonds as Special Obligations. That the Bonds are special obligations of the Town payable solely from Net Revenues and the holders and owners thereof shall never have the right to demand payment thereof out of any other funds of the Town or funds raised or to be raised by taxation.

Section 26. Bonds as Negotiable Instruments. That each of the Bonds shall be deemed and construed to be an "Investment Security," and, as such, a negotiable instrument, within the meaning of Article 8, of the Texas Uniform Commercial Code.

Section 27. Ordinance as a Contract. That the provisions of this Ordinance shall constitute a contract between the Town and the owner or owners from time to time of the Bonds and, except as otherwise provided herein, no change, variation or alteration of any kind of the provisions of this Ordinance may be made until the Bonds are no longer outstanding.

Section 28. Further Covenants. That the Town hereby further covenants and agrees as follows, to-wit:

(a) That it has the lawful power to pledge the Net Revenues to the payment of the Bonds and has lawfully exercised said power under the Constitution and laws of the State of Texas; that the Series 1984 Bonds and the Additional Bonds, when issued, shall be ratably secured under said pledge in such manner that one Bond shall have no preference over any other Bond of said issues as hereinbefore provided.

(b) That, other than for the payment of the Series 1984 Bonds, the Net Revenues of the System are not in any manner now pledged to the payment of any debt or obligation of the Town or of the System, except for any debt or obligation which has a pledge of the Net Revenues subject and subordinate to the pledge of the Net Revenues associated with the Bonds.

(c) That for so long as any of the Bonds or any interest thereon remain outstanding, the Town will not sell or encumber the physical properties of the System or any substantial part thereof; provided, however, this covenant shall not be construed to prohibit the sale of such machinery or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(d) That no free service of the System shall be allowed, and should the Town or any of its agents or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the Town out of funds from sources other than the revenues and income of the System.

(e) That it will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the Town has or will obtain and keep in full force and effect all franchises, permits, authorizations and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

(f) That it will not grant any franchise or permit the acquisition, construction or operation of any competing facilities which might be used as a substitute for the System's facilities, and, to the extent that it legally may, the Town will prohibit any such competing facilities.

Section 29. Registered Owners, Notices, Waiver. (a) The Town, the Paying Agent/Registrar, and any agent of either of them may treat the person in whose

name any Series 1984 Bond is registered as the Owner of such Series 1984 Bond for the purpose of receiving payment of the principal of and interest on such Series 1984 Bond and for all other purposes whatsoever, and to the extent permitted by law, neither the Town, the Paying Agent/Registrar, nor any agent of either of them shall be affected by notice to the contrary.

(b) Wherever this Ordinance provides for notice to the Owner of a Series 1984 Bond of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of such Owner as it appears in the register kept by the Paying Agent/Registrar.

(c) In any case where notice to the Owners of the Series 1984 Bonds is given by mail, neither the failure to mail such notice to any Owner of a Series 1984 Bond, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Series 1984 Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by any Owner entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners of the Series 1984 Bond shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 30. Mutilated, Destroyed, Lost, and Stolen Series 1984 Bonds. (a) If (i) any mutilated Series 1984 Bond is surrendered to the Paying Agent/Registrar or the Town or the Paying Agent/Registrar receives evidence to its satisfaction of the destruction, loss, or theft of any Series 1984 Bond, and (ii) there is delivered to the Town and the Paying Agent/Registrar such security or indemnity as may be required by the Paying Agent/Registrar to save and hold each of them harmless, then, in the absence of notice to the Town or the Paying Agent/Registrar that such Series 1984 Bond has been acquired by a bona fide purchaser, the Town shall execute and upon its request the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Series 1984 Bond, a new Series 1984 Bond of the same stated maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(b) In case any such mutilated, destroyed, lost, or stolen Series 1984 Bond has become or is about to become due and payable, the Town, in its discretion may, instead of issuing a new Series 1984 Bond, pay such Series 1984 Bond.

(c) Upon the issuance of any new Series 1984 Bond under this Section, the Town may require the payment by the Owner thereof of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

(d) Every new Series 1984 Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Series 1984 Bond shall constitute a replacement of the prior obligation of the Town, whether or not the mutilated, destroyed, lost, or stolen Series 1984 Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other outstanding Series 1984 Bonds.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Series 1984 Bonds.

Section 31. Cancellation. All Series 1984 Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the Town, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The Town may at any time deliver to the Paying Agent/Registrar for cancellation any Series 1984 Bonds previously certified or registered and delivered which the Town may have acquired in any manner whatsoever, and all Series 1984 Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Series 1984 Bonds held by the Paying Agent/Registrar shall be disposed of as directed by the Town.

Section 32. Registration, Transfer, and Exchange. (a) The Town shall cause to be kept at the principal office of the Paying Agent/Registrar a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, registration of the Series 1984 Bonds and of transfers of the Series 1984 Bonds shall be made as provided herein.

(b) Upon surrender for transfer of any Series 1984 Bond at the principal office of the Paying Agent/Registrar, the Town shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Series 1984 Bonds of the same stated maturity, of any authorized denomination, and of a like aggregate principal amount.

(c) At the option of the Owner, Series 1984 Bonds may be exchanged for other Series 1984 Bonds of the same stated maturity, of any authorized denomination, bearing the same rate of interest, and of like aggregate principal amount, upon surrender of the Series 1984 Bonds to be exchanged at the principal office of the Paying Agent/ Registrar. Whenever any Series 1984 Bonds are so surrendered for exchange, the Town shall execute, and the Paying Agent/Registrar shall register and deliver, the Series 1984 Bonds which the Owner of Series 1984 Bonds making the exchange is entitled to receive.

(d) All Series 1984 Bonds issued upon any transfer or exchange of Series 1984 Bonds shall be the valid obligations of the Town, evidencing the same debt, and entitled to the same benefits under this Ordinance, as the Series 1984 Bonds surrendered upon such transfer or exchange.

(e) Every Series 1984 Bond presented or surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer and assignment in form satisfactory to the Paying Agent/Registrar duly executed, by the Owner thereof or his attorney duly authorized in writing.

(f) No service charge shall be made to the Owner for any registration, transfer, or exchange of Series 1984 Bonds, but the Town or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Series 1984 Bonds.

(g) Neither the Town or the Paying Agent/Registrar shall be required to issue or transfer to an assignee of the Owner of any Series 1984 Bond called for redemption, in whole or in part, within 30 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Series 1984 Bond Owner of the unredeemed balance of a Series 1984 Bond called in part for redemption.

Section 33. Arbitrage. That the Town covenants to and with the purchasers of the Series 1984 Bonds that it will make no use of the proceeds of the Series 1984 Bonds at any time throughout the term thereof which would cause the Series 1984 Bonds to be "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or any regulations or rulings pertaining thereto.

Section 34. Approval and Registration of Bonds. That the Mayor of the Town shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, and shall take and have charge and control of the Series 1984 Bonds pending their approval by the Attorney General and their registration by the Comptroller of Public Accounts. In addition, the Mayor, City Secretary and other Town officials are hereby authorized to execute such instruments and certifications as may be required to accomplish the issuance and delivery of the Bonds.

Section 35. Legal Opinion. That the purchasers' obligation to accept delivery of the Series 1984 Bonds is subject to their being furnished a final opinion of Messrs. Hutchison Price Boyle & Brooks, Attorneys at Law, Dallas, Texas, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. Printing of a true and correct copy of said opinion on the reverse side of each of the Series 1984 Bonds with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary is hereby approved and authorized.

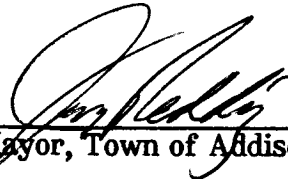
Section 36. CUSIP Numbers. That CUSIP numbers may be printed on the Series 1984 Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Series 1984 Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Series 1984 Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed thereon.

Section 37. Confirmation of Sale. That sale of the Series 1984 Bonds to Merrill Lynch Capital Markets & Associates, on behalf of themselves and others, at the price of par plus accrued interest and a discount of \$320,000 is hereby confirmed. Delivery of the Series 1984 Bonds shall be made to said purchasers as soon as may be practical after the adoption of this Ordinance and upon payment therefor.

Section 38. Approval of Official Statement. That the form and substance of the Official Statement, dated October 23, 1984, and presented to and considered at this meeting, is hereby in all respects approved and adopted by the City Council, and the Mayor and the City Secretary are hereby authorized and directed to execute the same and to deliver appropriate numbers of executed copies thereof to the purchasers of the Series 1984 Bonds. Said Official Statement, as thus approved, executed and delivered, with such appropriate variations as shall be approved by the

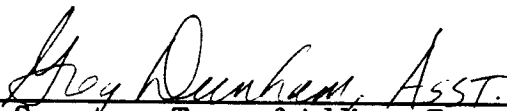
City Manager and the purchasers of the Series 1984 Bonds, may be used by said purchasers in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement thus approved among the permanent records of this meeting.

PASSED, APPROVED AND EFFECTIVE this November 1, 1984.



Mayor, Town of Addison, Texas

ATTEST:



City Secretary, Town of Addison, Texas

[SEAL]