

ORDINANCE NO. 089-039

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS, AUTHORIZING THE ISSUANCE OF "TOWN OF ADDISON, TEXAS, HOTEL OCCUPANCY TAX REVENUE BONDS, SERIES 1989," DATED OCTOBER 1, 1989, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$4,750,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR CONSTRUCTING, EQUIPPING AND FURNISHING A CONVENTION CENTER INCLUDING A CIVIC CENTER BUILDING AND AUDITORIUM WITHIN AND FOR SAID TOWN; PRESCRIBING THE FORM OF SAID BONDS; PLEDGING TO THE PAYMENT OF BONDS, AND INTEREST THEREON THE NET REVENUES OF THE CONVENTION CENTER AND THE RECEIPTS OF THE HOTEL OCCUPANCY TAX AS HEREIN DEFINED; PROVIDING THE TERMS, CONDITIONS AND COVENANTS RELATING TO THE BONDS AND THE FUNDS FROM WHICH THEY ARE TO BE PAID; AUTHORIZING AND STIPULATING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF ADDITIONAL BONDS ON A PARITY THEREWITH; ACCEPTING THE BEST BID THEREFOR AND AWARDING THE SALE THEREOF; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT AND PURPOSE OF THIS ORDINANCE.

WHEREAS, pursuant to applicable law, including particularly the provisions of Article 1269j-4.1, Vernon's Annotated Texas Civil Statutes ("V.A.T.C.S."), the Town of Addison, Texas (the "Town") is authorized to issue negotiable revenue bonds to provide funds for, among other things, constructing, equipping and furnishing permanent public improvements, including a convention center with a civic center building and auditorium; and

WHEREAS, the Town is further authorized by the Tax Code of the State of Texas, particularly V.T.C.A. Tax Code §351.001 et seq., to impose a tax on certain persons occupying hotel rooms or similar accommodations (the "Hotel Occupancy Tax") and to pledge the revenues received by the imposition of such Hotel Occupancy Tax to the payment of the principal of and interest on bonds issued pursuant to the provisions of V.A.T.C.S. Art. 1269j-4.1, as amended; and

WHEREAS, the governing body of the Town (the "City Council") has found and deems it necessary, useful and appropriate for its public purposes to construct, equip, furnish and maintain a convention center including a civic center building and auditorium for the Town and to provide the funds therefor through the issuance of revenue bonds; and

WHEREAS, the City Council has heretofore authorized the imposition of a Hotel Occupancy Tax in the Town, the revenues of which are available to secure payment for the revenue bonds to be issued hereby; and

WHEREAS, the City Council deems it appropriate to adopt this Ordinance and issue revenue bonds for the purposes hereinabove stated and to pledge the net revenues of the convention center including a civic center building and auditorium and the Hotel Occupancy Tax revenues in payment thereof; and

WHEREAS, the meeting of the City Council at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Article 6252-17, V.A.T.C.S., as amended; now, therefore,

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ADDISON:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have the meanings specified below:

"Additional Bonds" means the additional bonds permitted to be issued by Section 8.01 of this Ordinance on a parity with the Bonds.

"Bond" means any of the Bonds.

"Bondholder" or "Holder" or "Owner" means the person who is the registered owner of a Bond or Bonds.

"Bonds" means the revenue bonds authorized to be issued by Section 3.01 of this Ordinance.

"Business Day" means any day other than a Saturday, Sunday or legal holiday or other day on which banking institutions in the State of Texas are generally authorized or obligated by law or executive order to close.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, including the regulations and published rulings thereunder.

"Construction Fund" means the construction fund described in Section 7.07 of this Ordinance.

"Event of Default" means any Event of Default as defined in Section 11.01 of this Ordinance.

"Government Obligations" means (i) obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, and (ii) any certificates, or any other evidences, of ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i) of this definition.

"Gross Revenues" means all of the revenues of every nature received through the operation of the Project.

"Hotel Occupancy Tax" means the tax, authorized by V.T.C.A. Tax Code §351.002, of seven percent (7%) of the daily cost of a hotel or motel room or similar accommodation upon certain persons paying for such accommodation.

"Interest and Sinking Fund" means the Interest and Sinking Fund described in Section 7.05 of this Ordinance.

"Net Revenues" means the Gross Revenues less the Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means the expenses of operation and maintenance of the Project, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions as, in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the Project in operation and render adequate service to the Town and the inhabitants thereof, or might be necessary to meet some physical accident or condition that would otherwise impair the Bonds and any Additional Bonds shall be included as Operation and Maintenance Expenses.

"Original Issue Date" means the date designated as such by Section 3.02(a) of this Ordinance.

"Paying Agent/Registrar" means initially First City, Texas-Dallas, Dallas, Texas, Texas, or any successor thereto as provided in this Ordinance.

"Permitted Investments" means those securities or other investments which at the time are authorized under the laws of the State of Texas for the investment of public funds.

"Pledged Income" means the Net Revenues of the Project and the revenues of the Hotel Occupancy Tax.

"Project" means the design, planning, constructing, equipping, furnishing, maintaining, operating and improving of a convention center including a civic center building and auditorium complex and all the facilities relating thereto, funded with the proceeds of the Bonds.

"Record Date" means the Record Date as prescribed by Section 3.03(b) of this Ordinance.

"Register" means the Register specified in Section 3.06(a) of this Ordinance.

"Reserve Fund" or "Bond Reserve Fund" means the Reserve Fund described in Section 7.06 of this Ordinance.

"Surplus Revenues" means those Net Revenues that are in excess of the amounts required to establish and maintain the funds as provided in this Ordinance.

Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any payment required to be made or other action required to be taken on a date which is not a Business Day shall be done on the next succeeding Business Day and have the same effect as if done on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Security for the Bonds.

The Bonds and any Additional Bonds are and shall be equally and ratably secured by and payable from an irrevocable first lien on and pledge of the Pledged Income to the full extent necessary for payment of principal of, premium, if any, and interest on the Bonds as due.

Section 2.02. Limited Obligations.

The Bonds, together with any Additional Bonds, are special obligations of the Town, payable solely from the Pledged Income, and do not constitute a prohibited indebtedness of the Town. Neither the Bonds, nor any Additional Bonds shall ever be payable out of funds raised or to be raised by taxation, except for the pledged Hotel Occupancy Tax revenues.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization.

The Town's revenue bonds to be designated the "Town of Addison, Texas, Hotel Occupancy Tax Revenue Bonds, Series 1989" (the "Bonds") are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas and the Charter of the Town. The Bonds shall be issued in the aggregate principal amount of \$4,750,000 for the purpose of providing funds with which to make the following permanent public improvements for and within the Town, to wit: constructing, equipping, furnishing, maintaining and improving a convention center including a civic center building and auditorium for said Town and to pay the costs related to the issuance of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall have an Original Issue Date of October 1, 1989. The Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be numbered separately from one upward or such other designation acceptable to the Town and Paying Agent/Registrar.

(b) The Bonds shall mature on March 1 in the years and as to the principal amounts set forth below, and interest on each Bond shall accrue from the later of the Original Issue Date or the most recent interest payment date to which interest has been paid or provided for at the per annum rates of interest, payable semiannually on March 1 and September 1, of each year until maturity or prior redemption commencing March 1, 1990, all as set forth in the schedule below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1990	\$300,000	9.800%	1998	\$300,000	7.000%
1991	300,000	9.800%	1999	300,000	7.000%
1992	300,000	9.800%	2000	350,000	7.000%
1993	300,000	9.800%	2001	350,000	7.000%
1994	300,000	9.800%	2002	350,000	7.000%
1995	300,000	7.125%	2003	350,000	7.000%
1996	300,000	6.800%	2004	350,000	7.000%
1997	300,000	6.900%			

Section 3.03. Medium, Method, Place of Payment and Unclaimed Payments.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the fifteenth day of the month next preceding the interest payment date (the "Record Date").

(c) Interest shall be paid by check (dated as of the interest payment date) and sent by the Paying Agent/Registrar to the person entitled to such payment, first class United States mail, postage prepaid, to the address of such person as it appears in the Register.

(d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof (whether at the

maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the principal corporate trust office of the Paying Agent/Registrar.

(e) Any payment required to be made or other action required to be taken on a date which is not a Business Day shall be done on the next succeeding Business Day and have the same effect as if done on the date so required.

(f) Unclaimed payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the unclaimed payments pertain. Subject to any escheat, abandoned property or similar law, unclaimed payments remaining unclaimed by the Owners entitled thereto for four years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the Town to be used for any lawful purpose. Thereafter, neither the Town, the Paying Agent/Registrar nor any other person shall be liable or responsible to any Holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law.

Section 3.04. Control, Execution and Initial Registration.

(a) The Bonds shall be executed on behalf of the Town by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the Town shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the Town whose facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be

required that the same officer of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Bonds initially delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent which Certificate shall be evidence that the bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Town, and has been registered by the Comptroller.

(d) On the Closing Date a single Bond in a denomination equal to the aggregate principal amount of the Bonds will be registered in the name of and delivered to the initial purchaser of the Bonds. Upon being furnished written instructions in the manner set forth below, the Paying Agent/Registrar on the Closing Date shall exchange the initially delivered Bond for Bonds in any integral multiple of \$5,000 for any one maturity. It shall be the duty of the initial purchaser to furnish to the Paying Agent/Registrar, at least five (5) Business Days prior to the Closing Date, written instructions on forms which the purchaser must request of and obtain from, and which shall be provided by, the Paying Agent/Registrar designating the names in which Bonds are to be registered, the addresses of the registered Owners, the maturities, interest rates and denominations. If such written instructions are not received within the specified time period, the cancellation of the Bond initially delivered and delivery of Bonds in exchange therefor will be delayed until such instructions are received.

Section 3.05. Ownership.

(a) The Town, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date or on the Special Record Date as applicable), and for all other purposes, whether or not such Bond is overdue, and neither the Town nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the

Town and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the Town shall cause the Paying Agent/Registrar to keep at its principal corporate office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) Registration of any Bond may be transferred in the Register only upon the presentation and surrender thereof at the principal corporate office of 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 assignment of the Bonds, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three business days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be converted and exchanged only upon the presentation and surrender thereof at the principal corporate office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds will be required to be delivered by the

Paying Agent/Registrar to the registered owner of the Bond or Bonds in not more than three business days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each bond issued in exchange for any Bond or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The Town will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration of the Bonds and the subsequent exchange and conversion of the Bonds pursuant to the provisions of Section 3.04(d) hereof. Thereafter, the Owner of any Bond requesting any conversion and exchange shall be required to pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for converting and exchanging any such Bond or portion thereof, except the conversion and exchange of an assigned and transferred Bond or portion thereof or the conversion and exchange of the unredeemed portion of a Bond which has been redeemed in part prior to maturity, in both of which events such fees and charges will be paid by the Town. However, the Paying Agent/Registrar will require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, exchange or conversion of a Bond. In addition, the Town hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Bonds as provided herein to the extent such fees and charges are payable hereunder by the Town.

(f) Neither the Town nor the Paying Agent/Registrar shall be required (i) to issue, transfer, or exchange any Bond during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the

day of such mailing, or (ii) to transfer or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 30 calendar days of the transfer or exchange date.

Section 3.07. Cancellation and Authentication.

(a) All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled and destroyed upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall periodically furnish the Town with certificates of destruction of such Bonds.

(b) Each substitute Bond issued in conversion of and exchange for or replacement of (pursuant to the provisions of Section 3.09 hereof) any Bond or Bonds issued under this Ordinance shall have printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, manually sign and date such Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Article 717k-6, V.A.T.C.S., as amended, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Certificate, the converted and exchanged or replaced Bonds shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(c) Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and

assigned, (iv) may be converted and exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND set forth in this Ordinance.

Section 3.08. Temporary Bonds.

(a) Pending the preparation of definitive Bonds, the Town may execute and, upon the Town's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the Town executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance. The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Holder.

Section 3.09. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Holder of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and

deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Holder first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar, and acceptable to the Town, to save it harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the Town and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Town and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Town or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/ Registrar, in its discretion, without the necessity of issuing a replacement Bond, may pay such Bond on the date on which such Bond becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Approval of Sale and Official Statement.

(a) The Bonds have been duly advertised for public sale; bids have been received pursuant thereto, and the Bonds

are hereby sold and shall be delivered to Dean Witter Reynolds, Inc., for a price of par plus accrued interest to the Closing Date plus a premium of \$-0-, being the best bid submitted at said public sale.

(b) The Official Notice of Sale, dated October 31, 1989, the Official Bid Form and the Official Statement, prepared and distributed by the Town, in consultation with its Financial Advisor, in connection with the sale of the Bonds are hereby approved, confirmed and adopted as official documents and statements of the Town.

(c) The use of such Official Statement in the reoffering of the Bonds by the purchaser of the Bonds is hereby approved and authorized, with such appropriate variations as are approved by the City Manager and the purchaser.

(d) The proper officers of the Town are hereby authorized to execute and deliver a certificate pertaining to such Official Statement, dated the Closing Date, as prescribed in the Official Notice of Sale.

(e) The proper officers of the Town are hereby authorized to execute such documents, certificates and receipts, and to make such elections as may be required in connection with maintaining the tax-exempt status of the Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with terms of the sale therefor.

(f) The obligation of the purchaser identified in subsection (a) of this Section to accept delivery of the Bonds is subject to such purchaser being furnished with the final, approving opinion of Hutchison Boyle Brooks & Fisher, A Professional Corporation, Bond Counsel for the Town, which opinion shall be dated and delivered the Closing Date.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article.

Section 4.02. Optional Redemption.

(a) The Town reserves the option to redeem Bonds maturing on and after March 1, 2000, in whole or in part, before their respective scheduled maturity dates, on March 1,

1999, or on any date thereafter (such redemption date or dates to be fixed by the Town), at a price equal to the principal amount of the 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 redemption date.

(b) The Town, at least 60 days before 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 Bonds to be redeemed.

Section 4.03. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed, the Town shall determine the maturity or maturities and amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call the Bonds, or portions thereof, within such maturity or maturities by lot or by any other method selected by the Paying Agent/Registrar that results in a random selection.

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of a Bond as though it were a single bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

(d) The Paying Agent/Registrar shall promptly notify the Town in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.04. Notice of Redemption to Bondholders.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Holder of each Bond (or portion thereof) to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be

surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondholder receives such notice.

Section 4.05. Payment Upon Redemption.

(a) Before or on each redemption date, the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the Town sufficient to pay the principal of and accrued interest on such Bonds.

(b) Upon presentation and surrender of any Bond called for redemption at the principal corporate trust office of the Paying Agent/Registrar, on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.06. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the Town defaults in the payment of the principal thereof or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

Section 4.07. Lapse of Payment.

(a) Money set aside for the redemption of Bonds and remaining unclaimed by the Holders of such Bonds shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

First City, Texas-Dallas, Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, trust company organized under the laws of the State of Texas, or other entity duly qualified and legally authorized to serve as, and perform the duties and services of, paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the Town will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute, and the City Secretary to attest, an agreement with the Paying Agent/Registrar specifying the duties of the City and the Paying Agent/Registrar.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the Town will promptly appoint a replacement.

Section 5.04. Termination.

The Town reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the Town (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar.

Section 5.05. Notice of Change to Bondholders.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the Town will cause notice of the change to be sent to each Bondholder by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the initially delivered Bonds, the Certificate of the Paying Agent/Registrar and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) 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 counsel) thereon as, consistently herewith, may be determined by the Town or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The Bonds (except temporary Bonds authorized by this Ordinance) shall be printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The initial Bond submitted to the Attorney General of the State of Texas may be typewritten or photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the initially delivered Bonds, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds shall be as follows:

(a) Form of Bond

REGISTERED

REGISTERED

No. _____

\$ _____

United States of America
State of Texas
COUNTY OF DALLAS
TOWN OF ADDISON
HOTEL OCCUPANCY TAX REVENUE BOND
SERIES 1989

Interest Rate: Maturity Date: Original Issue Date: CUSIP NO.:

_____ October 1, 1989 _____

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

_____ or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been duly called for prior redemption as provided herein and payment of the principal hereof and accrued but unpaid interest thereon shall have been paid or provided for, and to pay interest on such principal amount at the interest rate per annum specified above, payable on March 1, 1990 and semiannually thereafter on each March 1

and September 1, from the later of the Original Issue Date specified above or the most recent interest payment date to which interest has been paid to the earlier of the Maturity Date or the date of redemption prior to such Maturity Date.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the principal corporate office of the Paying Agent/Registrar executing the registration certificate appearing hereon. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the fifteenth day of the month next preceding such interest payment date.

Any payment required to be made or other action required to be taken on a date which is not a Business Day shall be done on the next succeeding Business Day and have the same effect as if done on the date so required.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$4,750,000 (herein referred to as the "Bonds"), issued pursuant to the authority provided by Article 1269j-4.1, Vernon's Annotated Texas Civil Statutes, as amended, and a certain bond ordinance of the Town (the "Ordinance"), for the purpose of providing funds for certain permanent public improvements within the Town, to wit: constructing, equipping, furnishing, maintaining and improving a convention center including a civic center building and auditorium and all facilities related thereto, and to pay the costs related to the issuance of the Bonds.

The Bonds are secured by and payable from a first lien on and pledge of the Net Revenues of the Town's convention center including a civic center building and auditorium and the revenues of the Hotel Occupancy Tax (as defined in the Ordinance) (collectively, the "Pledged Income"), as provided in the Ordinance. The Bonds constitute special obligations of the Town payable solely from the sources and in the manner set forth herein and in the Ordinance and not from any other revenues, funds or assets of the Town.

The Town has reserved the right, subject to the restrictions stated in the Ordinance, to issue additional parity revenue bonds that may be secured in the same manner and on a parity with the Bonds.

The Town has reserved the option to redeem the Bonds maturing on or after March 1, 2000, before their respective scheduled maturities in whole or in part in multiples of \$5,000 on March 1, 1999, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the Town shall determine the maturity or maturities and amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call the Bonds, or portions thereof, within such maturity or maturities by lot or by any other method selected by the Paying Agent/Registrar that results in a random selection.

Notice of such redemption or redemptions 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.

As provided in the Ordinance and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the principal corporate trust office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, 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 (i) to issue, transfer or exchange any Bond during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the date of such mailing, or (ii) to transfer or exchange any Bond so selected for redemption where such redemption is scheduled to occur within 30 calendar days after the transfer or exchange date.

The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record

Date) and for all other purposes, whether or not this Bond be overdue, and neither the Town nor the Paying Agent/Registrar, nor any such agent shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest on and principal of this Bond and the series of which it is a part are secured by and payable from the Pledged Income as provided in the Ordinance.

The holders hereof shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation, except for the pledged hotel occupancy tax revenues.

IN WITNESS WHEREOF, the Town has caused this Bond to be executed in its name by the manual or facsimile signature of the Mayor of the Town and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the Town has been duly impressed or placed in facsimile on this Bond.

City Secretary,
Town of Addison, Texas

Mayor, Town of Addison, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the initial Bond is fully executed.

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
OF THE STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in

conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding special obligation of the Town of Addison, Texas, payable from the revenues pledged to its payment by and in the ordinance authorizing same and that said Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas,
_____, 1989.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar

The following Certificate of Paying Agent/Registrar may be deleted from the initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

as Paying Agent/Registrar

Dated: _____ By: _____
Authorized Representative

(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 all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, 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.

(e) The initial Bond shall be in the form set forth in subsections (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the headings "Interest Rate," "Maturity Date" and "CUSIP NO." shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on the first day of March in 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 Amount</u>	<u>Interest Rate"</u>
-------------	-------------------------	-----------------------

(Information to be inserted from schedule in Section 3.02 of this Ordinance)

(iii) in the second paragraph of the Bond, 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, Texas-Dallas, Dallas, Texas.";

(iv) the initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration.

The Town may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the Town nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion.

The approving legal opinion of Hutchison Boyle Brooks & Fisher, A Professional Corporation, may be printed on the back of each Bond over the certification of the Town Secretary of the Town, which may be executed in facsimile.

ARTICLE VII

CREATION OF FUNDS AND ACCOUNTS,
INITIAL DEPOSITS AND APPLICATION OF MONEYS

Section 7.01. Creation of Funds.

The Town hereby creates the following funds to be held by the Town's depository bank:

(a) the Town of Addison, Texas, Hotel Occupancy Tax Revenue Bonds, Series 1989, Construction Fund (the "Construction Fund");

(b) the Town of Addison, Texas, Hotel Occupancy Tax Revenue Bonds, Series 1989, Interest and Sinking Fund (the "Interest and Sinking Fund");

(c) the Town of Addison, Texas, Hotel Occupancy Tax Revenue Bonds, Series 1989, Reserve Fund (the "Reserve Fund"); and

(d) the Town of Addison, Texas, Hotel Occupancy Tax Revenue Bonds, Series 1989, Convention Center Project Fund (the "Project Fund").

Section 7.02. Initial Deposits.

On the Closing Date, the Town shall cause the proceeds from the sale of the Bonds to be deposited as follows:

(i) first, an amount equal to all accrued interest and premium, if any, on the Bonds shall be deposited to the credit of the Interest and Sinking Fund; and

(ii) second, the remaining balance shall be deposited to the Construction Fund.

Section 7.03. Project Fund.

(a) All Gross Revenues, from day to day as collected, shall be deposited to the Project Fund. The Operation and Maintenance Expenses shall be paid from the Project Fund, upon approval of such payment by the City Council.

(b) The Town shall adopt procedures and arrange and conduct its financial affairs and make its operating expenditures in such manner as will cause Net Revenues to be accumulated and available for transfer on the dates and in the amounts required by this Ordinance.

Section 7.04 Priority of Transfers to Funds.

The order of priority of transfers of the Pledged Income from the Project Fund to the following funds shall be: first, to the Interest and Sinking Fund; then, to the Reserve Fund.

Section 7.05. Interest and Sinking Fund.

(a) The Interest and Sinking Fund shall be used exclusively to pay principal of, premium, if any, and interest on the Bonds as such become due and payable.

(b) The Town shall make the following deposits of Pledged Income to the credit of the Interest and Sinking Fund:

(i) not less than fifteen (15) days prior to each interest payment date, an amount sufficient to pay the interest installment on the Bonds that is due on the next succeeding interest payment date, when added to the amounts on deposit therein received from the purchase of the Bonds representing accrued interest from the Original Issue Date to the Closing Date and any investment income accumulated therein;

(ii) semiannually, and in no event less than fifteen (15) days prior to an interest payment date, an amount equal to one half (1/2) of the principal scheduled to mature, or required to be redeemed, on the next principal payment date, taking into account any investment income or other funds accumulated therein.

(c) Moneys on deposit in the Interest and Sinking Fund shall be invested only in Permitted Investments having maturities not later than the date on which they are required to be expended, and otherwise held and secured as other public funds of the Town.

Section 7.06. Reserve Fund.

(a) The Reserve Fund shall be used for paying principal of, premium, if any, and interest on any outstanding Bonds, when and to the extent the amount in the Interest and Sinking Fund is insufficient for such purpose.

(b) The Town hereby agrees with the Owners of the Bonds to maintain in the Reserve Fund an amount (the "Required Reserve Amount") equal to the lesser of (i) the maximum annual debt service on the Bonds, (ii) 125% of the average annual debt service on the Bonds, or (iii) 10% of the aggregate principal amount of the Bonds outstanding from time to time.

(c) At such time as Additional Bonds are issued, the amount required to be on deposit in the Reserve Fund shall be increased in accordance herewith, such additional amount to be accumulated in semiannual installments during a period not to exceed five (5) years.

(d) At any time the Reserve Fund shall contain an amount in cash and investment securities at least equal to the Required Reserve Amount, there shall be no additional deposits required to be made therein. Whenever the Reserve Fund is reduced below the Required Reserve Amount, the Town shall, after the payment of the current debt service requirements on the Bonds, apply the Pledged Income to restore such deficiency, which deposits shall be continued until such time as the Reserve Fund has been fully restored. If the amount on deposit in the Reserve Fund should ever exceed the Required Reserve Amount, such excess shall be deposited in the Interest and Sinking Fund and used to pay principal of or interest on the Bonds.

(e) Moneys in the Reserve Fund may, upon authorization by the City Council, be invested in Permitted Investments, provided that each of the obligations must mature, or be subject to redemption at the option of the holder thereof, not later than the last maturity date of any outstanding Bonds.

Any obligation in which money in the Reserve Fund is so invested shall be kept and held in an official depository bank of the Town in escrow and in trust for the benefit of the Owners of the Bonds, and shall be promptly sold and the proceeds of the sale applied to the making of all payments required to be made from the Reserve Fund.

Section 7.07. Construction Fund.

The Construction Fund shall be used for the purposes of making the permanent public improvements for which the Bonds were issued (as specified in Section 3.01 of this Ordinance) and paying the costs and expenses incurred in connection with the issuance and delivery of the Bonds.

Section 7.08. Other Investments.

(a) Money in the Project Fund and the Construction Fund may, at the option of the Town, be invested in any securities or investments that are permitted by law for the investment of public funds of the Town. Such investments shall be valued in terms of current market value as of the last day of each fiscal year of the Town. Interest and income derived from such deposits and investments shall be credited to the Fund from which the deposit or investment was made.

(b) Money in all Funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the Town.

Section 7.09. Deficiencies in Funds.

If the Town shall, for any reason, fail to deposit to the Interest and Sinking Fund and the Reserve Fund the amounts and at the times required by this Ordinance, amounts equivalent to such deficiencies shall be set apart and deposited to those moneys from the first available and unallocated revenues of the following semiannual period, and such deposits shall be in addition to the deposits otherwise required to be made to those funds during such periods.

Section 7.10. Surplus Revenues.

Surplus Revenues may be used for the prior redemption of the Bonds or for any lawful purpose.

Section 7.11 Excess Bond Proceeds.

(a) Upon completion of the improvements financed with the Bonds, any amount (exclusive of that amount retained for the payment of costs of such improvements not then due and payable) that remains in the Construction Fund shall be

transferred to the Interest and Sinking Fund and segregated in a special escrow account where such money shall be invested in tax exempt obligations or invested at a yield not in excess of the yield on the Bonds.

(b) The money in such escrow account shall be used for the purposes specified in Section 7.05 hereof or for the redemption of Bonds at the earliest date that the Town has the option to redeem Bonds without premium or penalty. The money in such escrow account, at the option of the Town, may be invested in tax exempt obligations or in any securities or obligations permitted under applicable law that do not have a "higher yield," within the meaning of Section 148 of the Code, than the yield on the Bonds.

ARTICLE VIII

ADDITIONAL AND REFUNDING BONDS

Section 8.01. Additional Bonds.

The Town reserves the right at any time and from time to time, and in one or more series or issues, to issue additional Bonds, payable from and equally secured by a first lien on and pledge of the Pledged Income in the same manner and to the same extent as the Bonds and shall in all respects be of equal dignity, when issued in accordance with the following terms and conditions precedent:

(a) the Town is not then in default as to any covenant, condition or obligation prescribed by this Ordinance authorizing the issuance of the Bonds payable from and secured by a first lien on and pledge of the Pledged Income;

(b) the Additional Bonds are made to mature on March 1 in each of the years in which they are scheduled to mature unless issued to mature semiannually, in which event they shall mature on March 1 and September 1; and

(c) the Town secures from an independent certified public accountant a certificate evidencing his determination that the Pledged Income for any consecutive twelve (12) month period of the last fifteen (15) consecutive months prior to the month of adoption of the ordinance authorizing the issuance of the Additional Bonds equal to at least two (2) times the average annual principal and interest requirements of the then outstanding Hotel Occupancy Tax Revenue Bonds and such proposed Additional Bonds.

Section 8.02. Refunding Bonds.

The City shall retain the right to issue refunding bonds to refund all or any part of its then outstanding Hotel Occupancy Tax Revenue Bonds in accordance with any lawful method then available. It is understood that no refunding bonds shall be issued which (i) shall enjoy a lien on or pledge of the Project Fund superior to that possessed by the Bonds or (ii) shall be made to mature or bear interest in such manner or at such rates as will impair the security or interfere with the timely payment of principal of, premium, if any, or interest on any bonds not refunded.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Making and Collecting Rates and Charges.

(a) The Town covenants, reaffirms and agrees with the holders of the Bonds and any Additional Bonds that it will, from time to time, impose, fix and adjust such fees and charges for the use of the Project, to the extent permitted by applicable law, which, together with Hotel Occupancy Tax revenues, will produce, during each fiscal year of the Town, Pledged Income in an aggregate amount that is not less than 1.20 times the average annual principal (including mandatory redemptions as serial maturities) and interest requirements on the Bonds that are outstanding from time to time.

(b) In the event that the pledged revenues of the Project and Hotel Occupancy Tax revenues are insufficient to provide funds for properly and efficiently operating and maintaining the Project, and to provide for debt service, the Town will promptly make provision for the allocation of moneys necessary for these purposes out of other funds lawfully available therefor and not appropriated to any other lawful purpose.

(c) Should the Town anticipate that it will not have sufficient money available during any fiscal year to satisfy the requirements of the Project, including debt service, it will take all necessary steps to budget sufficient moneys for such purposes for such fiscal year, including an increase in the amount of Hotel Occupancy Tax imposed, within the limits prescribed by law.

Section 9.02. Maintenance and Operation of Project; Insurance.

(a) The Town covenants, reaffirms and agrees to maintain the Project in good condition and to operate the Project in an efficient manner and at a reasonable cost.

(b) So long as any of the Bonds are outstanding, the Town agrees to maintain, for the benefit of the holder or holders of such Bonds, insurance on the Project of a kind and in an amount that usually would be carried by private companies engaged in a similar enterprise.

(c) Nothing in this Ordinance shall be construed as requiring the Town to expend any funds that are derived from sources other than the Pledged Income, but nothing herein shall be construed as preventing the Town from doing so.

Section 9.03. Records and Accounts.

The Town hereby covenants, reaffirms and agrees that it has provided for and that, so long as any of the Bonds or any interest thereon remain outstanding and unpaid, it will keep proper books of records and accounts (separate from all other records and accounts of the Town) in which complete and correct entries shall be made of all transactions relating to the Project.

Section 9.04. Project Fiscal Year.

The Project shall be operated on the basis of a fiscal year commencing October 1 in each year, continuing through and ending September 30 of the following year.

Section 9.05. Audit Reports.

(a) Before March 1 of each year, the Town will furnish (without cost) to any Bondholder who may so request a signed or certified copy of a report by a certified public accountant or a licensed public accountant covering the preceding fiscal year, showing the following information with respect to the Project:

(i) income and expense statement;

(ii) balance sheet;

(iii) accountant's comment regarding the manner in which the Town has complied with the requirements of this Ordinance and his or her recommendation for any changes or improvements in the operation of the Project;

(iv) list of insurance on the Project in force at the end of the fiscal year, showing as to each policy, the risk covered, the name of the insurer, and the expiration date;

(v) recapitulation of the funds into which are put money derived from the Hotel Occupancy Tax, the operation of the Project or money derived from the securities herein authorized, such recapitulation to show balances at the beginning of the period, deposits, withdrawals and balances at the end of the year; and

(b) Expenses incurred in making reports required by subsection (a) of this Section are to be regarded as Operation and Maintenance Expenses and paid as such.

Section 9.06. Inspection.

Any Bondholder shall have the right at all reasonable times to inspect the Project and all records, accounts and data of the Town relating thereto.

Section 9.07. Other Representations and Covenants.

(a) The Town has the lawful power to pledge the Pledged Income and has lawfully exercised said power under the Constitution and laws of the State of Texas, including said power existing under Article 1269j-4.1, Vernon's Annotated Texas Civil Statutes, as amended and V.T.C.A. Tax Code §351.001 et seq.

(b) The Town covenants that the Bonds shall be ratably secured under the pledge of the Pledged Income in such manner that no one Bond shall have preference over any other Bond.

(c) The Town covenants and represents that, other than for payment of the Bonds, the rents, revenues, and income of the Project and all other Pledged Income have not in any manner been pledged to the payment of any debts or obligation of the Town.

(d) The Town covenants that so long as any of the Bonds remain outstanding, the Town will not sell or encumber the Project or any substantial part thereof, and that, with the exception of any Additional Bonds, it will not encumber any revenue thereof unless such encumbrance is made junior and subordinate to the provisions of this Ordinance.

(e) The Town covenants that no free service of the Project will be allowed which would cause the Pledged Income

for the Bonds to be insufficient to meet the purposes for which said moneys are pledged.

(f) The Town hereby represents that the proceeds of the Bonds are needed at this time to finance the costs of the Project for which the Bonds were issued (as specified in Section 3.01 of this Ordinance); that based on current facts, estimates, and circumstances, it is reasonably expected that final disbursement of the proceeds of the Bonds will occur within three years after the Closing Date, that substantially binding obligations to commence the Project will be incurred within six months after such date, and that the construction or acquisition of such permanent public improvements will proceed with due diligence to completion; that it is not reasonably expected that the proceeds of the Bonds or money deposited in the Interest and Sinking Fund, the Reserve Fund or the Construction Fund will be used or invested in a manner that would cause the Bonds to be or become "arbitrage bonds," within the meaning of Section 148 of the Code; and that, except for the Interest and Sinking Fund, the Reserve Fund and the Construction Fund, no other funds or accounts have been established or pledged to the payment of the Bonds.

(g) The Town will not take any action nor fail to take any action with respect to the investment of the proceeds of the Bonds or any other funds of the Town, including amounts received from the investment of any of the foregoing, that, based upon the facts, estimates, and circumstances known on the Closing Date, would result in constituting the Bonds "arbitrage bonds," within the meaning of such Section 148 of the Code, and the Town will not take any deliberate action motivated by arbitrage that would have such result.

(h) Notwithstanding any provisions, representations or covenants contained herein to the contrary, the Town covenants to comply with the requirements of Section 148(f) of the Code and all applicable regulations promulgated thereunder which relates to the rebate to the United States of excess arbitrage earnings.

(i) Proper officers of the Town charged with the responsibility of issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates and circumstances in existence as of the Closing Date and stating whether there are any facts, estimates or circumstances that would materially change the Town's current expectations.

(j) The covenants and representations made or required by this Section are for the benefit of the Bondholders and may be relied on by the Bondholders and the bond counsel for the Town.

(k) The Town covenants and agrees that the provisions of this Ordinance shall constitute a contract between the Town and the holders of the Bonds and after the issuance of the Bonds, no change, variation or alteration of any kind of the provisions of this Ordinance may be made which would affect the security for the Bonds. The Town may, however, change or modify this Ordinance to cure any ambiguity or formal defect or omission.

(l) The Bonds are hereby designated "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code and neither the Town nor any of its subordinate entities, if any, expects to issue in excess of \$10,000,000 aggregate amount of qualified tax exempt obligations during the calendar year in which the Bonds are issued, and the Town hereby covenants not to designate more than \$10,000,000 aggregate amount of qualified tax exempt obligations during this year in which the Bonds are issued.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Default and Remedies.

(a) In addition to all the rights and remedies provided by the laws of the State of Texas, the Town covenants and agrees that, in the event the Town (i) defaults in the timely payment of principal or interest on any of the Bonds, (ii) fails to make any deposit required by Sections 7.05, 7.06 and 7.07 of this Ordinance to be made to the Interest and Sinking Fund, the Reserve Fund and the Construction Fund, or (iii) defaults in the observance or performance of any other covenant, condition or obligation set forth in this Ordinance, in each case, an "Event of Default," any Bondholder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and all other officers of the Town to observe and perform such covenant, condition or obligation.

(b) No delay or omission to exercise any right or power accruing upon any Event of Default under this Ordinance 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.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge by Payment.

When all Bonds have been paid in full as to principal and as to interest and premium, if any, or when all Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the Town shall have provided for the payment of the whole amount due or to become due on all Bonds then outstanding, including all interest that has accrued thereon or that may accrue to the date of maturity or prior redemption, and any premium due or that may become due at maturity or prior redemption, by depositing with the Paying Agent/Registrar, for payment of the principal of such outstanding Bonds and the interest accrued thereon and any premium due thereon, the entire amount due or to become due thereon, and the Town shall also have paid or caused to be paid all sums payable under this Ordinance by the Town, including the compensation due or to become due the Paying Agent/Registrar, then the Paying Agent/Registrar, upon receipt of a letter of instructions from the Town requesting the same, shall discharge and release the lien of this Ordinance and execute and deliver to the Town such releases or other instruments as shall be requisite to release the lien hereof.

Section 11.02. Discharge by Deposit.

(a) The Town may discharge its obligation to pay the principal of, premium, if any, and interest on the Bonds and its obligation to pay all other sums payable or to become payable under this Ordinance by the Town, including the compensation due or to become due the Paying Agent/Registrar, by:

(i) depositing or causing to be deposited with the Paying Agent/Registrar an amount of money which, together with earnings thereon from the investment thereof, shall be sufficient to pay the principal of, premium, if any, and accrued interest on such Bonds to maturity or to the date fixed for prior redemption of such Bonds, and to pay such other amounts as may be reasonably estimated by the Paying Agent/Registrar to become payable under this Ordinance, including the compensation due or to become due the Paying Agent/Registrar; and

(ii) providing the Paying Agent/Registrar with an opinion of nationally recognized bond counsel acceptable to the Paying Agent/Registrar to the effect

that the deposit specified in subdivision (i) of this subsection (a) will not cause the interest on the Bonds to become subject to federal income taxation.

(b) Subject to subsection (c) of this Section, upon compliance with subsection (a) of this Section, the Bonds shall no longer be regarded as outstanding and unpaid, and the Paying Agent/Registrar, upon receipt of a letter of instructions from the Town requesting the same, shall discharge and release the lien of this Ordinance and execute and deliver to the Town such releases or other instruments as shall be requisite to release the lien hereof.

(c) Before the discharge and release of the lien of this Ordinance pursuant to this Section, provision shall have been made by the Town with the Paying Agent/Registrar for:

(i) the establishment of a separate escrow account fund with the Paying Agent/Registrar for the deposit pursuant to subsection (a)(i) of this Section;

(ii) the payment to the Bondholders at the date of maturity or at the date fixed for prior redemption, as applicable, of the full amount to which the Bondholders would be entitled by way of principal, premium, if any, and interest to the date of such maturity or prior redemption;

(iii) the investment of such moneys by the Paying Agent/ Registrar in 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 and which may be in book entry form maturing in sufficient time, in the judgment of the Paying Agent/Registrar, to make available the moneys required for such purposes;

(iv) the sending of written notice by registered or certified United States mail to the Holder of each Bond then outstanding within 30 days following the date of such deposit that such moneys are so available for such payment; and

(v) the payment to the Town, periodically or following final payment of the principal of, premium, if any, and interest on the Bonds, of any moneys, interest earnings, profits or capital gains over and above the amounts necessary for such purposes.

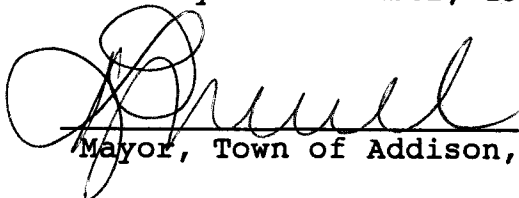
ARTICLE XII

MISCELLANEOUS MATTERS

Section 12.01. Effectiveness.


This Ordinance shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the Town, and it is accordingly so ordained.

APPROVED AND ADOPTED this 28th day of November, 1989.



Mayor, Town of Addison, Texas

ATTEST:



City Secretary,
Town of Addison, Texas

[SEAL]

Published 3-15-90