

ORDINANCE NO. 2842

**AUTHORIZING THE ISSUANCE OF CITY OF MESQUITE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1992**

THE STATE OF TEXAS            §  
COUNTY OF DALLAS           §  
CITY OF MESQUITE            §

WHEREAS, the City Council deems it advisable to issue Certificates of Obligation in the amount of \$1,055,000 for paying all or a portion of the City's contractual obligations for the purpose of improving, equipping and landscaping a municipal fire station, municipal building HVAC improvements, security and fuel tank improvements at the Municipal Service Center, communication equipment for the Police Department, drainage and storm sewer improvements, Municipal Computer Processing System improvements and improvements to the municipal landfill, and for paying legal, fiscal, and engineering fees in connection with these projects; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Article 2368a.1, V.A.T.C.S., now known as Subchapter C of Chapter 271 of the Local Government Code; and

WHEREAS, the City Council has heretofore, on the 5th day of October, 1992, adopted a resolution authorizing and directing the city secretary to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in the Dallas Morning News, which is a newspaper of general circulation in said City, in its issues of October 9, 1992 and October 16, 1992; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation.

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MESQUITE:**

Section 1. AMOUNT AND PURPOSE OF THE CERTIFICATES OF OBLIGATION. The certificate of obligation or certificates of obligation of the City of Mesquite (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$1,055,000 for paying all or a portion of the Issuer's contractual obligations for the purpose of improving, equipping and landscaping a municipal fire station, municipal building HVAC improvements, security and fuel tank improvements at the Municipal Service Center, communication equipment for the Police Department, drainage and storm sewer improvements, Municipal Computer Processing System improvements and improvements to the municipal landfill, and for paying legal, fiscal, and engineering fees in connection with these projects.

Section 2. DESIGNATION OF THE CERTIFICATES OF OBLIGATION. Each certificate of obligation issued pursuant to this Ordinance shall be designated: "CITY OF MESQUITE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 1992", and initially there shall be issued, sold, and delivered hereunder a single fully registered certificate of obligation, without interest coupons, payable in installments of principal (the "Initial Certificate of Obligation"), but the Initial Certificate of Obligation may be assigned and transferred and/or converted into and exchanged for a like aggregate principal amount of fully registered certificates of obligation, without interest coupons, having serial maturities, and in the denomination or denominations of \$5,000 or any integral multiple of \$5,000, all in the manner hereinafter provided. The term "Certificates of Obligation" as used in this Ordinance shall mean and include collectively the Initial Certificate of Obligation and all substitute certificates of obligation exchanged therefor, as well as all other substitute certificates of obligation and replacement certificates of obligation issued pursuant hereto, and the term "Certificate of Obligation" shall mean any of the Certificates of Obligation.

Section 3. INITIAL DATE, DENOMINATION, NUMBER, MATURITIES, INITIAL REGISTERED OWNER, AND CHARACTERISTICS OF THE INITIAL CERTIFICATE OF OBLIGATION. (a) The Initial Certificate of Obligation is hereby authorized to be issued, sold, and delivered hereunder as a single fully registered Certificate of Obligation, without interest coupons, dated November 1, 1992, in the denomination and aggregate principal amount of \$1,055,000, numbered R-1, payable in annual installments of principal to the initial registered owner thereof, to-wit: Goldman, Sachs & Co., or to the registered assignee or assignees of said Certificate of Obligation or any portion or portions thereof (in each case, the "registered owner"), with the annual installments of principal of the Initial Certificate of Obligation to be payable on the dates, respectively, and in the principal amounts, respectively, stated in the FORM OF INITIAL CERTIFICATE OF OBLIGATION set forth in this Ordinance.

(b) The Initial Certificate of Obligation (i) may be assigned and transferred, (ii) may be converted and exchanged for other Certificates of Obligation, (iii) shall have the characteristics, and (iv) shall be signed and sealed, and the principal of and interest on the Initial Certificate of Obligation shall be payable, all as provided, and in the manner required or indicated, in the FORM OF INITIAL CERTIFICATE OF OBLIGATION set forth in this Ordinance.

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

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

FORM OF INITIAL CERTIFICATE OF OBLIGATION

NO. R-1

\$1,055,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF DALLAS  
CITY OF MESQUITE, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATE OF OBLIGATION  
SERIES 1992

CITY OF MESQUITE, in Dallas County (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to

GOLDMAN, SACHS & CO.

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

ONE MILLION FIFTY FIVE THOUSAND DOLLARS

in annual installments of principal due and payable on February 15 in each of the years, and in the respective principal amounts, as set forth in the following schedule:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
1993	\$ 95,000	1998	\$105,000
1994	90,000	1999	110,000
1995	90,000	2000	115,000
1996	95,000	2001	125,000
1997	100,000	2002	130,000

and to pay interest, from the date of this Initial Certificate of Obligation, on the balance of each such installment of principal, respectively, from time to time remaining unpaid, at the rates as follows:

maturity 1993, 3.00%  
 maturity 1994, 3.75%  
 maturity 1995, 4.35%  
 maturity 1996, 4.75%  
 maturity 1997, 5.00%

maturity 1998, 5.25%  
 maturity 1999, 5.45%  
 maturity 2000, 5.65%  
 maturity 2001, 5.85%  
 maturity 2002, 6.00%

with said interest being payable on February 15, 1993, and semiannually on each August 15 and February 15 thereafter while this Certificate of Obligation or any portion hereof is outstanding and unpaid.

THE INSTALLMENTS OF PRINCIPAL OF AND THE INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The installments of principal and the interest on this Certificate of Obligation are payable to the registered owner hereof through the services of Ameritrust Texas National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate of Obligation. Payment of all principal of and interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and/or interest payment date by check or draft, dated as of such date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate of Obligation (the "Certificate of Obligation Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such principal and/or interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. The Issuer covenants with the registered owner of this Certificate of Obligation that on or before each principal and/or interest payment date for this Certificate of Obligation it will make available to the Paying Agent/ Registrar, from the "Interest and Sinking Fund" created by the Certificate of Obligation Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Certificate of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION has been authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$1,055,000 for

paying all or a portion of the City's contractual obligations for the purpose of improving, equipping and landscaping a municipal fire station, municipal building HVAC improvements, security and fuel tank improvements at the Municipal Service Center, communication equipment for the Police Department, drainage and storm sewer improvements, Municipal Computer Processing System improvements and improvements to the municipal landfill, and for paying legal, fiscal, and engineering fees in connection with these projects.

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

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

single stated principal maturity date), upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate of Obligation Ordinance. If this Certificate of Obligation or any portion hereof is assigned and transferred or converted each certificate of obligation issued in exchange for any portion hereof shall have a single stated principal maturity date corresponding to the due date of the installment of principal of this Certificate of Obligation or portion hereof for which the substitute certificate of obligation is being exchanged, and shall bear interest at the rate applicable to and borne by such installment of principal or portion thereof. No such certificate of obligation shall be payable in installments, but shall have only one stated principal maturity date. AS PROVIDED IN THE CERTIFICATE OF OBLIGATION ORDINANCE, THIS CERTIFICATE OF OBLIGATION IN ITS PRESENT FORM MAY BE ASSIGNED AND TRANSFERRED OR CONVERTED ONCE ONLY, and to one or more assignees, but the certificates of obligation issued and delivered in exchange for this Certificate of Obligation or any portion hereof may be assigned, transferred and converted, subsequently, as provided in the Certificate of Obligation Ordinance. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging this Certificate of Obligation or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make any such assignment, conversion, or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate of Obligation is additionally secured by and payable from the limited Surplus Revenues of the Issuer's Waterworks and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's

revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the Issuer's Waterworks and Sewer System.

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

IN WITNESS WHEREOF, the Issuer has caused this Certificate of Obligation to be signed with the manual signature of the Mayor of the Issuer, countersigned with the manual signature of the City Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed on this Certificate of Obligation to be dated November 1, 1992.

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

\_\_\_\_\_  
Mayor

CITY SEAL

FORM OF REGISTRATION CERTIFICATE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE  
REGISTER NO.

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

Witness my signature and seal this

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(COMPTROLLER'S SEAL)

Section 6. ADDITIONAL CHARACTERISTICS OF THE CERTIFICATES OF OBLIGATION. Registration and Transfer. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of Ameritrust Texas National Association, Dallas, Texas (the "Paying Agent/Registrar") books or records of the registration and transfer of the Certificates of Obligation (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and

make such transfers and registrations under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate of Obligation to which payments with respect to the Certificates of Obligation shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Certificate of Obligation may be transferred in the Registration Books only upon presentation and surrender of such Certificate of Obligation to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, (i) evidencing the assignment of the Certificate of Obligation, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and (ii) the right of such assignee or assignees to have the Certificate of Obligation or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Certificate of Obligation or any portion thereof, a new substitute Certificate of Obligation or Certificates of Obligation shall be issued in conversion and exchange therefor in the manner herein provided. The Initial Certificate of Obligation, to the extent of the unpaid principal balance thereof, may be assigned and transferred by the initial registered owner thereof once only, and to one or more assignees designated in writing by the initial registered owner thereof. All Certificates of Obligation issued and delivered in conversion of and exchange for the Initial Certificate of Obligation shall be in any denomination or denominations of any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Certificate of Obligation shall have a single stated principal maturity date), shall be in the form prescribed in the FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION set forth in this Ordinance, and shall have the characteristics, and may be assigned, transferred, and converted as hereinafter provided. If the Initial Certificate of Obligation or any portion thereof is assigned and transferred or converted the Initial Certificate of Obligation must be surrendered to the Paying Agent/Registrar for cancellation, and each Certificate of Obligation issued in exchange for any portion of the Initial Certificate of Obligation shall have a single stated principal maturity date, and shall not be payable in installments; and each such Certificate of Obligation shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Certificate of Obligation is being exchanged; and each such Certificate of Obligation shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If only a portion of the Initial Certificate of Obligation is assigned and transferred, there shall be delivered to and registered in the name of the initial registered owner substitute Certificates of Obligation in exchange for the unassigned balance of the Initial Certificate of Obligation in the same manner as if the initial registered owner were



the assignee thereof. If any Certificate of Obligation or portion thereof other than the Initial Certificate of Obligation is assigned and transferred or converted each Certificate of Obligation issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate of Obligation for which it is exchanged. A form of assignment shall be printed or endorsed on each Certificate of Obligation, excepting the Initial Certificate of Obligation, which shall be executed by the registered owner or its duly authorized attorney or representative to evidence an assignment thereof. Upon surrender of any Certificates of Obligation or any portion or portions thereof for transfer of registration, an authorized representative of the Paying Agent/Registrar shall make such transfer in the Registration Books, and shall deliver a new fully registered substitute Certificate of Obligation or Certificates of Obligation, having the characteristics herein described, payable to such assignee or assignees (which then will be the registered owner or owners of such new Certificate of Obligation or Certificates of Obligation), or to the previous registered owner in case only a portion of a Certificate of Obligation is being assigned and transferred, all in conversion of and exchange for said assigned Certificate of Obligation or Certificates of Obligation or any portion or portions thereof, in the same form and manner, and with the same effect, as provided in Section 6(d), below, for the conversion and exchange of Certificates of Obligation by any registered owner of a Certificate of Obligation. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer and delivery of a substitute Certificate of Obligation or Certificates of Obligation, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of any Certificate of Obligation or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

(c) Payment of Certificates of Obligation and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates of Obligation, and to act as its agent to convert and exchange or replace Certificates of Obligation, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates of Obligation, and of all conversions and exchanges of Certificates of Obligation, and all replacements of Certificates of

Obligation, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Bondholder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

(d) Conversion and Exchange or Replacement; Authentication. Each Certificate of Obligation issued and delivered pursuant to this Ordinance, to the extent of the unpaid principal balance or principal amount thereof, may, upon surrender of such Certificate of Obligation at the principal corporate trust office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, may, at the option of the registered owner or such assignee or assignees, as appropriate, be converted into and exchanged for fully registered certificates of obligation, without interest coupons, in the form prescribed in the **FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION** set forth in this Ordinance, in the denomination of \$5,000, or any integral multiple of \$5,000 (subject to the requirement hereinafter stated that each substitute Certificate of Obligation shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid principal balance or principal amount of any Certificate of Obligation or Certificates of Obligation so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If the Initial Certificate of Obligation is assigned and transferred or converted each substitute Certificate of Obligation issued in exchange for any portion of the Initial Certificate of Obligation shall have a single stated principal maturity date, and shall not be payable in installments; and each such Certificate of Obligation shall have a principal maturity date corresponding to the due date of the installment of principal or portion thereof for which the substitute Certificate of Obligation is being exchanged; and each such Certificate of Obligation shall bear interest at the single rate applicable to and borne by such installment of principal or portion thereof for which it is being exchanged. If any Certificate of Obligation or portion thereof (other than the Initial Certificate of Obligation) is assigned and transferred or converted, each Certificate of Obligation issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate of Obligation for which it is being exchanged. Each substitute Certificate of Obligation shall bear a letter and/or number to distinguish it from each other Certificate of Obligation. The Paying Agent/Registrar shall convert and exchange or replace Certificates of Obligation as provided herein, and each fully registered certificate of obligation delivered in conversion of and exchange for or replacement of any Certificate of Obligation or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the

Certificates of Obligation for all purposes of this Ordinance, and may again be converted and exchanged or replaced. It is specifically provided that any Certificate of Obligation authenticated in conversion of and exchange for or replacement of another Certificate of Obligation on or prior to the first scheduled Record Date for the Initial Certificate of Obligation shall bear interest from the date of the Initial Certificate of Obligation, but each substitute Certificate of Obligation so authenticated after such first scheduled Record Date shall bear interest from the interest payment date next preceding the date on which such substitute Certificate of Obligation was so authenticated, unless such Certificate of Obligation is authenticated after any Record Date but on or before the next following interest payment date, in which case it shall bear interest from such next following interest payment date; provided, however, that if at the time of delivery of any substitute Certificate of Obligation the interest on the Certificate of Obligation for which it is being exchanged is due but has not been paid, then such Certificate of Obligation shall bear interest from the date to which such interest has been paid in full. THE INITIAL CERTIFICATE OF OBLIGATION issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate of Obligation issued in conversion of and exchange for or replacement of any Certificate of Obligation or Certificates of Obligation issued under this Ordinance there shall be printed a certificate, in the form substantially as follows:

**"PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

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

\_\_\_\_\_  
Paying Agent/Registrar

Dated \_\_\_\_\_

By \_\_\_\_\_  
Authorized Representative"

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate of Obligation, date and manually sign the above Certificate, and no such Certificate of Obligation shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Certificates of Obligation surrendered for conversion and exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Certificate of Obligation or portion thereof, and the Paying

Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificates of Obligation in the manner prescribed herein, and said Certificates of Obligation shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 6 thereof, the duty of conversion and exchange or replacement of Certificates of Obligation 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 Certificate of Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Certificate of Obligation which originally was issued pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Certificate of Obligation or any portion thereof, but the one requesting any such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange or replacement of Certificates of Obligation or any portion thereof during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

(e) In General. All Certificates of Obligation issued in conversion and exchange or replacement of any other Certificate of Obligation or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates of Obligation 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 Certificates of Obligation, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates of Obligation shall be payable, all as provided, and in the manner required or indicated, in the FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION set forth in this Ordinance.

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

(g) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Certificates of Obligation that at all times while the Certificates of Obligation are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying

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

(h) Book-Entry Only System. The Certificates of Obligation issued in exchange for the Certificates of Obligation initially issued to the purchaser specified herein shall be initially issued in the form of a separate single fully registered Certificate of Obligation for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate of Obligation shall be registered in the name of Cede & Co., as nominee of Depository Trust Company of New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Certificates of Obligation shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Certificates of Obligation registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest on the Certificates of Obligation. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates of Obligation, (ii) the delivery to any DTC Participant or any other person, other than a Certificate of Obligationholder, as shown on the Registration Books, of any notice with respect to the Certificates of Obligation, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Certificate of Obligationholder, as shown in the Registration Books of any amount with respect to principal of, premium, if any, or interest on, as the case may be, the Certificates of Obligation. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose

name each Certificate of Obligation is registered in the Registration Books as the absolute owner of such Certificate of Obligation for the purpose of payment of principal, premium, if any, and interest, as the case may be, with respect to such Certificate of Obligation, for the purpose of giving notices of redemption and other matters with respect to such Certificate of Obligation, for the purpose of registering transfers with respect to such Certificate of Obligation, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates of Obligation only to or upon the order of the respective owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on, or as the case may be, the Certificates of Obligation to the extent of the sum or sums so paid. No person other than an owner, as shown in the Registration Books, shall receive a Certificate of Obligation certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest, as the case may be, pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(i) Successor Securities Depository: Transfers Outside Book-Entry Only System. In the event that the Issuer or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Issuer to DTC and that it is in the best interest of the beneficial owners of the Certificates of Obligation that they be able to obtain certificated Certificates of Obligation, the Issuer or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates of Obligation to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates of Obligation and transfer one or more separate Certificates of Obligation to DTC Participants having Certificates of Obligation credited to their DTC accounts. In such event, the Certificates of Obligation shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Certificate of Obligationholders transferring or exchanging Certificates of Obligation shall designate, in accordance with the provisions of this Ordinance.

(j) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Certificate of Obligation is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on, or as the case may be, such Certificate of Obligation and all notices with respect

to such Certificate of Obligation shall be made and given, respectively, in the manner provided in the representation letter of the Issuer to DTC.

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

FORM OF SUBSTITUTE CERTIFICATE OF OBLIGATION

NO. \_\_\_\_\_

PRINCIPAL AMOUNT \$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF DALLAS  
CITY OF MESQUITE, TEXAS  
COMBINATION TAX AND REVENUE  
CERTIFICATE OF OBLIGATION  
SERIES 1992

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF ORIGINAL ISSUE</u> November 1, 1992	<u>CUSIP NO.</u>
_____	_____	_____	_____

ON THE MATURITY DATE specified above, the CITY OF MESQUITE (the "Issuer") in Dallas County, being a political subdivision of the State of Texas, hereby promises to pay to

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

and to pay interest thereon from November 1, 1992 to the maturity date specified above, at the interest rate per annum specified above with interest being payable on February 15, 1993, and semiannually on each August 15 and February 15 thereafter; except that if the date of authentication of this Certificate of Obligation is later than January 31, 1993, such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date.

THE PRINCIPAL OF AND INTEREST ON this Certificate of Obligation are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate of Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Certificate of Obligation at maturity at the principal corporate trust office of Ameritrust Texas National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Certificate of Obligation. The payment of interest on this Certificate of Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on the interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Ordinance authorizing the issuance of the Certificates of Obligation (the "Certificate of Obligation Ordinance") to be on deposit with the Paying Agent/ Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the last business day of the month next preceding such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described, or by such other method acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. The Issuer covenants with the registered owner of this Certificate of Obligation that on or before each principal payment date and interest payment date for this Certificate of Obligation, it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate of Obligation Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates of Obligation, when due.

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

THIS CERTIFICATE OF OBLIGATION is one of an issue of Certificates of Obligation initially dated November 1, 1992, authorized in accordance with the Constitution and laws of the State of Texas in the original principal amount of \$1,055,000 for paying all or a portion of the City's contractual obligations for the purpose of improving, equipping and landscaping a municipal fire station, municipal building HVAC improvements, security and fuel tank improvements at the Municipal Service Center, communication equipment for the Police Department, drainage and storm sewer improvements, Municipal Computer Processing System improvements and improvements to the municipal landfill, and for paying legal, fiscal, and engineering fees in connection with these projects.



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

ALL CERTIFICATES OF OBLIGATION OF THIS SERIES are issuable solely as fully registered certificates of obligation, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Certificate of Obligation Ordinance, this Certificate of Obligation, may at the request of the registered owner or the assignee or assignees hereof, be converted into and exchanged for a like aggregate principal amount of fully registered Certificates of Obligation, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate of Obligation to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate of Obligation Ordinance. The Issuer shall pay

the Paying Agent/Registrar's standard or customary fees and charges for transferring, converting, and exchanging any Certificate of Obligation or any portion thereof, but the one requesting such transfer, conversion, and exchange shall pay any taxes or governmental charges required to be paid with respect thereto as a condition precedent to the exercise of such privilege of conversion and exchange. The Paying Agent/Registrar shall not be required to make any such conversion and exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

IT IS HEREBY certified, recited, and covenanted that this Certificate of Obligation has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate of Obligation have been performed, existed, and been done in accordance with law; that this Certificate of Obligation is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate of Obligation, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate of Obligation is additionally secured by and payable from the limited Surplus Revenues of the Issuer's Waterworks and Sewer System, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the Net Revenues of the Issuer's Waterworks and Sewer System.

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

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

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

\_\_\_\_\_  
Mayor

CITY SEAL

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate of Obligation is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated \_\_\_\_\_ Ameritrust Texas National Association, Dallas, Texas  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

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

\_\_\_\_\_  
(Assignee's Social Security  
or Taxpayer Identification Number)

\_\_\_\_\_  
(print or type Assignee's name  
and address, including zip code)

and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney to transfer the registration of this Certificate of Obligation on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated \_\_\_\_\_  
Signature Guaranteed:

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

\_\_\_\_\_  
Registered Owner

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

Section 8. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Certificates of Obligation, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Certificates of Obligation. All ad valorem taxes levied and collected for and on account of the Certificates of Obligation shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Certificates of Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificates of Obligation as such principal matures (but never less than 2% of the original principal amount of the Certificates of Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Certificates of Obligation or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Certificates of Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 9. REVENUES. That said Certificates of Obligation, together with other obligations of the Issuer, are additionally secured by and shall be payable from and secured by the collection of the revenues of the Issuer's Waterworks and Sewer System, after payment of all expenses of collection thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the revenues of the Issuer's Waterworks and Sewer System, with such amount of the revenues from the Waterworks and Sewer System not exceeding \$10,000, constituting "Surplus Revenues". The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 8, to the extent necessary to pay the principal and interest on the Certificates of Obligation. Notwithstanding the requirements of Section 8, if revenues are actually on deposit or budgeted for deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 8 may be reduced to the extent and by the amount of the revenues then on deposit in the Interest and Sinking Fund or budgeted for deposit therein.

Section 10. TRANSFER. That the Mayor and the City Secretary are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest.

Section 11. DEFEASANCE OF CERTIFICATES OF OBLIGATION. (a) Any Certificate of Obligation and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Certificate of Obligation") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section 11, when payment of the principal of such Certificate of Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Government Obligations which mature as to principal and interest in such amounts and at such times as will insure the availability, without re-investment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates of Obligation shall have become due and payable. At such time as a Certificate of Obligation shall be deemed to be a Defeased Certificate of Obligation hereunder, as aforesaid, such Certificate of Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and revenues pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Government Obligations.

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

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

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

Section 12. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES OF OBLIGATION. (a) Replacement Certificates of Obligation. In the event any outstanding Certificate of Obligation is damaged, mutilated, lost, stolen, or des-

troyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new certificate of obligation of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate of Obligation, in replacement for such Certificate of Obligation in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Certificates of Obligation. In accordance with Section 6 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section 12 of this Ordinance shall constitute authority for the issuance of any such replacement certificate of obligation without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates of obligation is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate

and deliver such Certificates of Obligation in the form and manner and with the effect, as provided in Section 6(d) of this Ordinance for Certificates of Obligation issued in conversion and exchange for other Certificates of Obligation.

**Section 13. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES OF OBLIGATION; Certificate of Obligation COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED.** The Mayor of the Issuer is hereby authorized to have control of the Initial Certificate of Obligation issued hereunder and all necessary records and proceedings pertaining to the Initial Certificate of Obligation pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Initial Certificate of Obligation said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate on the Initial Certificate of Obligation, and the seal of said Comptroller shall be impressed, or placed in facsimile, on the Initial Certificate of Obligation. The approving legal opinion of the Issuer's Certificate of Obligation Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Initial Certificate of Obligation or on any Certificates of Obligation issued and delivered in conversion of and exchange or replacement of any Certificate of Obligation, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates of Obligation. In addition, if bond insurance is obtained, the Certificates of Obligation may bear an appropriate legend as provided by the insurer.

**Section 14. COVENANTS REGARDING TAX EXEMPTION.** The Issuer covenants to refrain from taking any action which would adversely affect, and to take any required action to ensure, the treatment of the Certificates of Obligation as obligations described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

(b) to take any action to assure that in the event that the "private business use" described in Subsection (a) hereof exceeds 5 percent of the proceeds of the Certificates of Obligation or the projects financed therewith (less amounts deposited into a reserve fund,

if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of Section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

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

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.103-13(b)(12) of the Treasury Regulations, and

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

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

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates of Obligation) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of Section 148(f) of



the Code and to pay to the United States of America, not later than 60 days after the Certificates of Obligation have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under Section 148(f) of the Code; and

(i) to maintain such records as will enable the Issuer to fulfill its responsibilities under this Section and Section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Certificates of Obligation.

In order to facilitate compliance with the above covenants (g), (h), and (i), a "Rebate Fund" is hereby established by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with Section 148 of the Code.

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

**Section 16. SALE OF INITIAL CERTIFICATE OF OBLIGATION.** The Initial Certificate of Obligation is hereby sold and shall be delivered to GOLDMAN, SACHS & CO. for the par value thereof and accrued interest thereon to date of delivery. It is hereby officially found, determined, and declared that the Initial Certificate of Obligation has been sold pursuant to the terms and provisions of a Purchase Contract in substantially the form attached hereto as Exhibit B, which the Mayor of the Issuer is hereby authorized and directed to execute and deliver and which the City Secretary of the Issuer is hereby authorized and directed to attest. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Initial Certificate of Obligation shall be registered in the name of Goldman, Sachs & Co.

Section 17. APPROVAL OF OFFICIAL STATEMENT. The Issuer hereby approves the form and content of the Official Statement relating to the Certificates of Obligation and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates of Obligation by the Underwriter in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

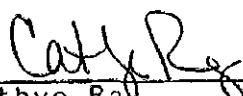
Section 18. INTEREST EARNINGS ON CERTIFICATES OF OBLIGATION PROCEEDS. The earnings derived from the investment of proceeds from the sale of the Certificates of Obligation shall be used along with other Certificate of Obligation proceeds as described in Section 1 hereof; provided that after completion of such project, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that interest earnings on the Certificates of Obligation proceeds which are required to be rebated to the United States of America pursuant to Section 14 hereof in order to prevent the Certificates of Obligation from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purpose of this Section.

Section 19. APPROPRIATION. There is hereby appropriated for transfer to the Interest and Sinking Fund, from available funds, moneys sufficient to pay the interest and principal coming due on the Certificates of Obligation on February 15, 1993.

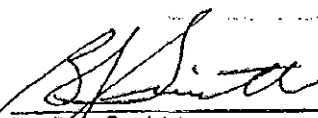
Section 20. INSURANCE. The Issuer does hereby approve the execution of the Commitment for Municipal Bond Insurance with Financial Guaranty Insurance Company ("FGIC") for the Municipal Bond New Issue Insurance Policy on the Certificates of Obligation, and the Issuer consents to comply with the terms of such commitment.

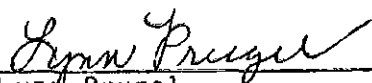
Section 21. PUBLIC NOTICE. It is hereby officially found and determined that public notice of the time, place and purpose of said meeting was given, all as required by Vernon's Ann. Texas Civ. St. Article 6252-17.

DULY PASSED AND APPROVED by the City Council of the City of Mesquite, Texas, on the 2nd day of November, 1992.

  
\_\_\_\_\_  
Cathye Ray  
Mayor

ATTEST:

APPROVED:  
  
\_\_\_\_\_  
B. J. Smith  
City Attorney

  
\_\_\_\_\_  
Lynn Prugel  
City Secretary