



**Post Office Box 9010 Addison, Texas
75001-9010
5300 Belt Line Road
(972) 450-7000 Fax: (972) 450-7043**

AGENDA

REGULAR MEETING OF THE CITY COUNCIL

AND / OR

WORK SESSION OF THE CITY COUNCIL

6:00 PM

February 25, 2014

ADDISON TOWN HALL

5300 BELT LINE RD., DALLAS, TX 75254

**6:00PM WORK SESSION
7:30PM REGULAR MEETING**

WORK SESSION

WS1 Introduction of assistant municipal court prosecutor.

WS2 Discussion regarding goals and performance objectives for the Town and City Manager Lea Dunn.

WS3 Discussion regarding a transitional audit, including a request for qualifications to conduct the audit.

REGULAR MEETING

Pledge of Allegiance

R1 Announcements and Acknowledgements regarding Town and Council Events and Activities

Discussion of Events/Meetings

R2 Consent Agenda.

2a Approval of the Minutes for the February 11, 2014 Work Session and Regular Council Meeting.

RECOMMENDATION:

Administration recommends approval.

Attachments

02/11 Minutes

2b Approval of the Minutes for the February 17, 2014 Work Session and Special Council Meeting.

RECOMMENDATION:

Administration recommends approval.

Attachments

02/17 Minutes

2c Approval of a contract with Dallas County for Joint Election Services for the Town's 2014 general election.

RECOMMENDATION:

Administration recommends approval.

Regular Items

- R3 Presentation of a proclamation honoring IHOP National Pancake Day & Shriner's Hospital for Children's Day.
-

- R4 Discussion, consider and take action regarding the Vivanti/Matchbox Agency of Record contract for strategic marketing and advertising professional services for Addison Special Events, Economic Development, and other marketing services as requested on a project by project basis.

RECOMMENDATION:

Administration recommends approval.

Attachments

Vivanti Service Agreement

- R5 Discussion and take action regarding appointment of a Member to the Planning and Zoning Commission.
-

- R6 Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Refunding Bonds, Series 2014 (AMT); levying a tax in payment thereof; approving the Official Statement; approving execution of a Deposit Agreement; and enacting other provisions relating thereto.

RECOMMENDATION:

Administration recommends approval.

Attachments

General Obligation Refunding Bonds, Series 2014

- R7 Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Bonds, Series 2014; levying a tax in payment thereof; approving the Official Statement; and enacting other provisions relating thereto.

RECOMMENDATION:

Administration recommends approval.

Attachments

General Obligations Bonds, Series 2014

- R8 Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2014; levying a tax, and providing for the security for and payment of said Certificates; approving the Official Statement; enacting other provisions relating to the subject; and declaring an effective date.

RECOMMENDATION:

Administration recommends approval.

Attachments

Combination Tax and Revenue Certificates of Obligation, Series 2014

- R9 Discussion, consider and take action regarding a Resolution authorizing the creation of the North Texas Emergency Communications Center, Inc., as a local government corporation, to finance, construct, own, manage and operate a regional public safety communications center for the benefit of the Town and the Cities of Carrollton, Coppell, and Farmers Branch, approving the form of a Certificate of Formation and the form of bylaws for the corporation, appointing Lea Dunn to serve on the corporation's initial board of directors, and providing for related matters.

RECOMMENDATION:

Administration recommends approval.

Attachments

Certification of Formation

- R10 Presentation and discussion regarding the Town of Addison 2013 Racial Profiling report.

Attachments

2013 Racial Profiling Report

- R11 Discussion, consider, and take action regarding a contract with EAS Contracting for the reconstruction of the ramps at Hangars S-1 and S-3 at Addison Airport for an amount not to exceed \$233,584.

RECOMMENDATION:

Administration recommends approval.

Attachments

S-1 S-3 Ramp Aerial

- R12 Discussion, consider, and take action on a request by Mission Aire, IV, L.P., ground tenant to 4600 Claire Chennault Dr., for the Town's consent to the creation of a first-lien leasehold mortgage and deed of trust in the sum of \$626,000 to be evidenced by an estoppel letter in favor of the lender, Frost Bank.

RECOMMENDATION:

Administration recommends approval.

Attachments

Mission Aire IV memo

- R13 Discussion, consider, and take action on a request by Mission Aire, V, L.P., ground tenant to 4400 Westgrove Dr., for the Town's consent to the creation of a first-lien leasehold mortgage and deed of trust in the sum of \$744,000 to be evidenced by an estoppel letter in favor of the lender, Frost Bank.

RECOMMENDATION:

The Administration recommends approval.

Attachments

Mission Aire V memo

Adjourn Meeting

Posted:

Matthew McCombs, February 21, 2014 5:00pm

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES.
PLEASE CALL (972) 450-7090 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

Combined Meeting

WS1

Meeting Date: 02/25/2014

Council Goals: Continue to attract, hire, develop, and retain great employees

AGENDA CAPTION:

Introduction of assistant municipal court prosecutor.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Combined Meeting

WS2

Meeting Date: 02/25/2014

Council Goals: Maintain and enhance our unique culture of creativity and innovation.

AGENDA CAPTION:

Discussion regarding goals and performance objectives for the Town and City Manager Lea Dunn.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Combined Meeting

WS3

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Discussion regarding a transitional audit, including a request for qualifications to conduct the audit.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Combined Meeting

2a

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Approval of the Minutes for the February 11, 2014 Work Session and Regular Council Meeting.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Administration recommends approval.

Attachments

02/11 Minutes

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION

February 11, 2014

6:00 PM

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

6:00 PM Work Session | 7:30 PM Regular Meeting

Present: Arfsten; Clemens; DeFrancisco; Gunther; Meier; Moore; Resnik

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL REGULAR MEETING

February 11, 2014

6:00 PM

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

6:00 PM Work Session | 7:30 PM Regular Agenda

Posted by: Matthew McCombs, February 7, 2014, 5:00pm

WORK SESSION

- WS1 Presentation and discussion of Single Audit Report including management comments from the Town's independent auditors, Weaver, LLP.

RECOMMENDATION:

Eric Cannon, Chief Financial Officer, Aracely Rios, Audit Senior Manager, and Jerry Gaither, Public Sector Leader, presented and spoke regarding this item.

There was no action taken on this item.

WS2 Presentation and discussion regarding the Fork & Cork, A Celebration of Taste, special event.

RECOMMENDATION:

Barbara Kovacevich, Director of Special Events, presented and spoke regarding this item.

There was no action taken on this item.

WS3 Presentation and discussion regarding the North and South Quorum District Pedestrian Connectivity Schematic Design and Probable Costs Review.

RECOMMENDATION:

Work Session Item WS3 was tabled temporarily and discussed following item R5 in the regular meeting.

Michael Kashuba, Landscape Architect, and Slade Strickland, Director of Parks & Recreation, presented and spoke regarding this item.

There was no action taken on this item.

REGULAR MEETING

Pledge of Allegiance

Announcements and Acknowledgements regarding Town and Council Events and Activities

Introduction of Employees

Discussion of Events/Meetings

Consent Agenda.

- 2a Approval of the Minutes for the January 28, 2014 Work Session and Regular Council Meeting.

RECOMMENDATION:

Administration recommends approval.

Council Member DeFrancisco recused himself from the consent agenda.

Motion made by Resnik to approve, as submitted,
Seconded by Arfsten

Voting AYE: Arfsten, Clemens, Gunther, Meier, Moore, Resnik
Passed

- 2b Approval of annual contract with Cavanaugh Flight Museum Sponsorship for marketing support.

RECOMMENDATION:

Administration recommends approval.

Council Member DeFrancisco recused himself from the consent agenda.

Council Member Clemens pulled Item R2a to allow Doug Jeanes, Cavanaugh Flight Museum Director, to speak regarding this item.

Motion made by Meier to approve, as submitted,
Seconded by Clemens

Voting AYE: Arfsten, Clemens, Gunther, Meier, Moore, Resnik
Passed

- 2c Approval of a lease agreement between 14671-14683 Midway Road, L.P., as landlord, and the Town of Addison, as tenant, of certain premises comprising approximately 14,800 square feet of space located at 14683 Midway Road, Suite 200 in Addison, generally known as Office in the Park, for office and related purposes, including to house the Town's Economic Development Department and entrepreneur development programs.

RECOMMENDATION:

Administration recommends approval.

Council Member DeFrancisco recused himself from the consent agenda.

Mayor Meier pulled Item R2b to highlight the Economic Development department.

Motion made by Meier to approve, subject to final to final review and approval of the City Manager and City Attorney,
Seconded by Clemens

Voting AYE: Arfsten, Clemens, Gunther, Meier, Moore, Resnik
NAY: DeFrancisco
Passed

Regular Items

- R3 Discussion, consider, and take action regarding an ordinance calling for a general municipal election to be held on May 10, 2014 for the purpose of electing three (3) Council Members for two (2) year terms each. (Discusión y consideración de aprobación de una ordenanza que pide una elección municipal general ser creída el 10 de mayo de 2014 para elección de tres (3) miembros de Consejo por dos (2) años cada uno).

RECOMMENDATION:

Administration recommends approval.

Matt McCombs, City Secretary, presented and spoke regarding this item.

Motion made by Resnik to approve, as submitted,
Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik
Passed

R4

PUBLIC HEARING Case 1684-SUP/NHS Restaurant. Public hearing, discussion, consider, and take action regarding an ordinance changing the zoning on property located at 5100 Belt Line Road, Suite 795, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, on application from NHS Village, LLC represented by Mr. Nick Badovinus.

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on January 24, 2014, voted to recommend approval of the request for approval of an ordinance changing the zoning on property located 5100 Belt Line Road, Suite 795, which property is currently zoned PD, Planned Development, through Ordinance 012-001, by approving for that property a Special Use Permit for a restaurant and a Special Use Permit for the sale of alcoholic beverages for on-premises consumption only, subject to no conditions.

Voting Aye: Doherty, Groce, Hughes, Oliver, Stockard, Wheeler
Voting Nay: none
Absent: Hewitt

RECOMMENDATION:

Administration recommends approval.

Charles Goff, Assistant to the City Manager, and Chef Nick Badovinus, represented by the Director of Operations of NHS Village, LLC, presented and spoke regarding this item.

Mayor Meier opened a public hearing, and there were no individuals who spoke at the public hearing. Mayor Meier closed the public hearing.

Motion made by DeFrancisco to approve, as submitted,
Seconded by Arfsten

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier,
Moore, Resnik

Passed

- R5 Presentation, discussion, consider and take action regarding an ordinance amending Chapter 62, Signs, of the Code of Ordinances of the Town by providing for a Meritorious Exception to Article IV. requirements for Specific Types of Signs, Division 3 Attached Signs, Sec.62-162 Premises Signs, Item (c) and Sec. 62-163 Area, Item (1) and Item (5) in order to provide for a sign on the north facade with letters 28" in height and an area of approximately 28 Sq. Ft. and an additional sign on the north facade with a logo 6'4" in height and an area of approximately 46.5 Sq. Ft. at Pollo Tropical located at 5290 Belt Line Rd. Suite 100.

RECOMMENDATION:

Administration recommends approval.

Lynn Chandler, Building Official of Addison, and Mitch Keith, Sr. Construction Manager, presented and spoke regarding this item.

Motion made by Arfsten to approve, as submitted,
Seconded by Gunther

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier,
Moore, Resnik

Passed

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- R6 Presentation, discussion, consider and take action regarding (i) a Consulting Services Agreement in the amount of \$1,100,000, plus possible additional sums, between the Town and iXP Corporation to provide services to the Town and to the cities of Carrollton, Coppell, and Farmers Branch in connection with the formation and start-up of the Metrocrest Quad Cities Local Government Corporation and the construction, development, management, and operation of a consolidated public safety communications center, and (ii) an Interlocal Agreement between the Town and the cities of Carrollton, Coppell and Farmers Branch regarding the Consulting Services Agreement, including equal sharing by the cities of the cost thereof.

RECOMMENDATION:

Administration recommends approval.

Paul Spencer, Police Captain, presented and spoke regarding this item.

Motion made by Resnik to approve, contingent upon the approval of the cities in the Interlocal Agreement and the City Manager and City Attorney,

Seconded by Moore

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik

Passed

- R7 Discussion, consider, and take action on the Second Amendment to a rooftop Telecommunications License Agreement between the Town and COP-Spectrum Center Partners. LLC regarding property generally located within the Town at or about 5080 Spectrum Drive.

RECOMMENDATION:

Administration recommends approval.

Paul Spencer, Police Captain, presented and spoke regarding this item.

Motion made by Clemens to approve, as submitted,
Seconded by Moore

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore, Resnik

Passed

- R8 Discussion, consider, and take action amending Chapter 86 (Vehicles for Hire), Article II (Taxicabs, Limousines and Shuttles), Division 2 (Permit), Sections 86-61 (Required), 86-65 (Conditions and Terms) and 86-66 (Permits Non-Transferable Without Consent of Town) by amending sections requiring taxicab service, limousine service, or shuttle service to secure a permit from the Town which is to be permanently affixed to the windshield of each vehicle, regarding permit conditions and terms, and regarding permit transferability.

RECOMMENDATION:

Administration recommends approval.

Paul Spencer, Police Captain, and Ron Davis, Chief of Police, presented and spoke regarding this item.

Motion made by Arfsten to approve, as submitted,

Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier,
Moore, Resnik

Passed

- R9 Discussion, consider, and take action regarding an employment and/or compensation agreement with Lea Dunn, Deputy City Manager, as City Manager.

RECOMMENDATION:

John Hill, City Attorney, Lea Dunn, Deputy City Manager, and Ron Whitehead, City Manager, spoke regarding this item.

Motion made by Resnik to approve, subject to the discussion and comments of the City Council, Lea Dunn, and John Hill,
Seconded by DeFrancisco

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier,
Moore, Resnik

Passed

Executive Session

- ES1 Closed (Executive) session of the Addison City Council pursuant to Section 551.087, Texas Government Code, to discuss or deliberate regarding commercial or financial information that the City Council has received from a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in or near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or to deliberate the offer of a financial or other incentive to such business prospect or business prospects.

RECOMMENDATION:

City Council went into executive session at 9:42 pm.
City Council reconvened in open session at 9:48 pm.

Regular Items Continued

R10 Discussion, consider, and take action regarding a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in our near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, and/or regarding the offer of a financial or other incentive to such business prospect or business prospects.

RECOMMENDATION:

Administration recommends approval

Motion made by Clemens to approve taking action regarding the offer of a financial or other incentive to a business prospect or business prospects that the City Council seeks to have locate, stay, or expand in our near the territory of the Town of Addison and with which the City Council is conducting economic development negotiations, as presented in executive session,

Seconded by Resnik

Voting AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier,
Moore, Resnik

Passed

Adjourn Meeting

Mayor-Todd Meier

Attest:

City Secretary-Matthew McCombs

Combined Meeting

2b

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Approval of the Minutes for the February 17, 2014 Work Session and Special Council Meeting.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Administration recommends approval.

Attachments

02/17 Minutes

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION

February 17, 2014

6:00 PM

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

6:00 PM Work Session and Special Meeting

Present: Arfsten; Clemens; DeFrancisco; Gunther; Meier; Moore; Resnik

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL SPECIAL MEETING

February 17, 2014

6:00 PM

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

6:00 PM Work Session and Special Agenda

Posted by: Matthew McCombs, February 14, 2014, 5:00pm

SPECIAL MEETING

- S1 Presentation, discussion, consider and take action authorizing the payment of the local share amount of \$1,305,207.90 for the construction of an Engineered Materials Arresting System at Addison Airport.

RECOMMENDATION:

Administration recommends approval.

Lisa Pyles, Director of Infrastructure Operations and Services, presented and spoke regarding this item.

Motion made by Clemens

Seconded by Resnik to approve, as submitted,

AYE: Arfsten, Clemens, DeFrancisco, Gunther, Meier, Moore,
Resnik

Passed

WORK SESSION

WS1 Discussion regarding goals and performance objectives for the Town and City Manager Lea Dunn.

RECOMMENDATION:

The Council and Lea Dunn discussed goals and performance objectives for the Town and Ms. Dunn.

There was no action taken on this item.

Adjourn Meeting

Mayor-Todd Meier

Attest:

City Secretary-Matthew McCombs

Combined Meeting

2c

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Approval of a contract with Dallas County for Joint Election Services for the Town's 2014 general election.

FINANCIAL IMPACT:

Funds are available in the FY2013-14 General Fund Budget.

BACKGROUND:

This is the contract which authorizes Dallas County to staff, manage, and conduct elections for Addison. By partnering with the County, we are able to hold an election at substantial savings of both time and cost.

RECOMMENDATION:

Administration recommends approval.

Combined Meeting

R3

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Presentation of a proclamation honoring IHOP National Pancake Day & Shriner's Hospital for Children's Day.

FINANCIAL IMPACT:

N/A

BACKGROUND:

N/A

RECOMMENDATION:

Combined Meeting

R4

Meeting Date: 02/25/2014

Council Goals: Create raving fans of the Addison Experience.
Maintain and enhance our unique culture of creativity and innovation.
Attract new businesses to Addison
Brand Protection and Enhancement
Enhance sense of community for all stakeholders/Expand
Volunteer Opportunities

AGENDA CAPTION:

Discussion, consider and take action regarding the Vivanti/Matchbox Agency of Record contract for strategic marketing and advertising professional services for Addison Special Events, Economic Development, and other marketing services as requested on a project by project basis.

FINANCIAL IMPACT:

This contract was budgeted for and approved by Council in the 2013-2014 Marketing and Economic Development budgets for the amount not to exceed \$405,696. This cost is broken down as follows: \$295,750 for Special Events related to marketing and advertising (coming out of the Marketing budget); and \$109,946 coming out of the Economic Development department budget for marketing and advertising support.

BACKGROUND:

The Vivanti/Matchbox team did a great job in 2012-2013 helping with the Addison rebranding campaign, redesign of our special events marketing collateral and economic development efforts.

RECOMMENDATION:

Administration recommends approval.

Attachments

Vivanti Service Agreement

Services Agreement

This Services Agreement ("Agreement") is entered into effective as of the 19th day of February, 2014 (the "Effective Date"), by and between Vivanti, LLC, a Texas limited liability company, d/b/a Vivanti Group ("Vivanti") with a business address at 5005 Greenville Avenue, Suite 155, Dallas, Texas 75206-4032 and the Town of Addison, Texas ("Client" or "Town of Addison"), with a business address at 5300 Belt Line Road, Dallas, Texas 75254-7606. Client and Vivanti may be collectively referred to as the "Parties."

W i t n e s s e t h:

Whereas, Vivanti is a Dallas based a marketing and graphic design firm that provides strategy, branding, and creative marketing services to its clients, with the goal of increasing each client's growth; and

Whereas, Client desires to engage Vivanti to provide certain marketing services as described herein, and Vivanti desires to provide the Work to Client; and

Now, therefore, in consideration of the foregoing premises and the mutual covenants hereinafter set forth and other valuable consideration, the Parties hereto agree as follows:

1. Description of the Work; Standard of Performance; Subcontractors.

a. Vivanti will provide to Client (i) the services and deliverables specifically described on Schedule 1 attached hereto and incorporated herein for all purposes (hereinafter the "Work") and (ii) when the scope of services and maximum price, if any, is mutually agreed upon in writing between the parties, additional marketing and advertising services for other Client departments and special projects (such additional marketing and advertising services being sometimes referred to herein as "Additional Work").

Vivanti will perform its Work and Additional Work in a professional manner and in accordance with commercially accepted best practices and standards that are in Vivanti's industry at the time the Work or Additional Work is performed, and to Client's satisfaction.

Vivanti Group will carefully proof each marketing deliverable internally before presenting the same to Client. Vivanti will also pay for one final review by a professional third-party proof reader for all items prior to printing. Clients is also responsible for carefully reviewing and proof reading all information before giving final approval to print or publish the materials. In the event that a typo or error slips in, Client accepts responsibility for errors and will cover costs for necessary reprints or additional production fees.

b. Vivanti may, engage sub-contractors to provide a portion of the Work and Additional Work pursuant to the terms of this Agreement. In the event Vivanti subcontracts any of the Work or Additional Work, Vivanti shall be solely responsible for such Work and Additional Work and for the payment of all Work and Additional Work sub-contracted and agrees to indemnify and hold Client harmless for all monies owed to each subcontractor.

In connection with this Agreement, as of the Effective Date Vivanti has or intends to subcontract a portion of the Work, as set forth on the attached Schedule 1, to The Matchbox Studio, Inc. (a Texas corporation) (“Matchbox”) and to Joan Tibbets Media Services, Inc. (a Texas corporation) (“Tibbets Media”). Client hereby consents to such subcontracting by Vivanti with Matchbox and Tibbets Media, but, notwithstanding such consent, Vivanti shall be and remain solely liable and responsible for all Work performed pursuant to this Agreement.

2. Contract Term.

a. Subject to earlier termination of this Agreement, the term of this Agreement begins on the Effective Date and continues through and concludes on the 14th day of February, 2014, or twelve months after the Effective Date. The term of this Agreement may be renewed for up four (4) additional one (1) year terms, each such term commencing upon the expiration of the immediately prior term and ending one (1) year thereafter, upon mutual written agreement by the Client and Vivanti, subject, however, to the earlier termination of this Agreement.

b. Notwithstanding the foregoing or any other provision of this Agreement, any renewal of this Agreement is subject to and conditioned upon the appropriation and budgeting of funds by Client to make the payments hereunder for such renewed term. If funds sufficient to make all payments hereunder by Client are not so appropriated and budgeted, this Agreement shall end on the last day of the Client’s fiscal year (September 30) for which sufficient funds were appropriated and budgeted to make the payments hereunder. In order to exercise its right under this provision, the Client shall pay Vivanti in accordance with this Agreement for all Work and Additional Work performed and expenses incurred prior to September 30. Payment in full shall be made to Vivanti within thirty days of September 30.

3. Fees and Expenses.

a. In consideration for the Work Client will pay Vivanti the sum of \$135.00 per hour for each hour worked, not to exceed the amounts set forth below:

For special event marketing for
Taste of Addison, Oktoberfest,
Worldfest, Kaboom Town and
Summer Series, an amount not to exceed: **\$295,750**

For Town of Addison economic
development marketing, an amount not
to exceed: **\$109,946**

The cost for any Additional Work (e.g., marketing and advertising services for other Client departments and special projects as needed) will, prior to commencement by Vivanti, be estimated by Vivanti and agreed to in writing signed by both Parties prior to inception thereof.

Vivanti will divide each hour of Work or Additional Work into 15 minute (or some other mutually agreed upon in writing) increments.

b. Client acknowledges that the not-to-exceed amounts for the Work as provided in this Paragraph 3. include only those services listed on Schedule 1 and no Additional Work.

c. In addition to the professional services provided to perform the Work and any Additional Work, Vivanti will invoice Client monthly for actual related out-of-pocket expenses incurred, including, but not limited to media advertising costs, printing, postage, courier fees, analyst reports, proof preparation, report preparation and on-line demographic services and travel, including airfare, lodging, meals, rental cars, taxis, mileage reimbursement at the then-prevailing Internal Revenue Service mileage rate and parking. These items will be billed with a 20% mark up.

Notwithstanding the foregoing, Vivanti shall not be entitled to any travel or travel-related costs or expenses for travel outside of Dallas County, Texas unless Vivanti has first submitted a written request for payment of such travel and/or travel-related costs or expenses, including a not-to-exceed estimate therefor, and received the prior written approval from Client of such costs or expenses.

d. Any provision hereof to the contrary notwithstanding, Client shall not be obligated to make payment to Vivanti hereunder if:

1. Vivanti has failed to comply with or is in default of any of its obligations under this Agreement or any other written documents agreed to by both parties in the future and in connection with the Work (or Additional Work) (and payment may be withheld to the extent of any such failure or default);

2. Any part of such payment is attributable to any Work (or Additional Work) of Vivanti which is not performed in accordance with this Agreement;
3. Vivanti has failed to make payment promptly to subcontractors or consultants or other third parties used by Vivanti in connection with the Work or Additional Work for which the Client has made payment to Vivanti; or
4. Payment Schedule and Due Dates.
 - a. Vivanti will bill Client for its professional services for the Work, and any Additional Work, as follows:
 - (1) Project management, graphic design and copywriting work will be billed on a monthly basis as incurred.
 - (2) Printing/ production, media, photography/illustration and event marketing fees will be billed on a monthly basis as incurred.

Each such bill (invoice) shall be submitted by Vivanti to Client on or before the fifth (15th) day of each month, and shall include (i) a description of the Work or Additional Work performed by or for Vivanti for the month preceding the date of the invoice. At any time, Client may request background documentation for invoices, which includes: (i) time reports for that month for all Vivanti (and any subcontractor of Vivanti, including Matchbox and Tibbets Media) personnel who perform Work or Additional Work under this Agreement (which shall include the date and amount of time (in 15 minute (or some other agreed upon) increments) spent by Vivanti (and any subcontractor of Vivanti) for each item worked on), (ii) true and correct copies of any and all receipts, invoices, and other documents and materials in support of the invoice, and (iii) any such additional documents, materials, or information as Client may request in connection with the invoice and/or the compensation paid to Vivanti.

b. Vivanti agrees to perform its Work as set forth in the attached Schedule 1. Client understands that Client's failure to submit required information or materials that is readily available to Client may cause delays in production and in delivery of finished Work.

c. A service charge will be applied, in accordance with Chapter 2251, Subchapter B, Tex. Gov. Code, on the portion of any past due account which is not disputed and paid within thirty (30) days.

d. Any Additional Work requested by Client may be provided at an additional cost may be mutually agreed upon in writing by both Parties at the time

of the request, Additional Work may be provided on an hourly rate basis of \$135.00 per hour or other rate mutually agreed upon in writing. Additional Work is considered outside the scope of this Agreement and will result in additional fees.

5. Confidentiality.

a. Vivanti acknowledges having access to Client's Confidential Information. "Confidential Information" means all information relating to Client's business, including but not limited to the following: data, source codes, reports, analyses, computations, studies, projections, financial statements, records, notes, memoranda, trade secrets, know-how, marketing strategies, vendors, names, addresses and/or particular desires or needs of customers, merchants, vendors, suppliers or subcontractors (including but not limited to independent contractors and independent sales organizations), operating and other costs, pricing, work flow strategies, merchant control and practices, terms and conditions of agreements to which Client is a party, information concerning particular projects performed by or for Client, and other materials in whatever form maintained, whether documentary, computerized or otherwise, other than information which (i) on the date hereof or thereafter, becomes generally available to the public other than as a result of a disclosure, directly or indirectly, in violation of the terms hereof or as a result of any other person's failure to observe an obligation to Client of confidentiality or non-disclosure, (ii) was available to such party on a non-confidential basis prior to its disclosure, (iii) becomes available to such party on a non-confidential basis from a source other than the other party or its representatives, which source is not prohibited from disclosing such information to Vivanti. Vivanti shall maintain the confidentiality of all Confidential Information; however, Vivanti may disclose the Confidential Information to its employees and subcontractors approved by Client (including Matchbox and Tibbets Media) who (i) need to know such information for the purpose of providing the Work or any portion of the Work, and (ii) have been informed of the confidential nature of the Confidential Information and have agreed to maintain such confidentiality.

Vivanti shall cause, and ensure that, its subcontractors of the Work hereunder (including, without limitation, Matchbox and Tibbets Media) and any approved assignees hereof protect the confidentiality of the Confidential Information, and to that end shall require that the same enter into an agreement with Vivanti to protect the Confidential Information that is consistent with or more restrictive than the terms of the confidentiality provisions of this Agreement, including this Paragraph 5.

b. If Vivanti or its representatives (or any subcontractor or assigned of Vivant hereunder or their representatives) are requested or required (by oral questions, written interrogatories, requests for information, or documents, subpoena, civil investigatory demand, or similar process) to disclose any of the Confidential Information, it shall provide Client with immediate notice of such request or requirement so that Client may seek an appropriate protective order or selectively waive compliance with the provisions of this Agreement. Before

disclosing any Confidential Information as legally required, Vivanti will first notify Client of such obligation and assist Client in seeking a protective order or other appropriate relief. Vivanti will not disclose, reproduce or in any way allow any Confidential Information to be disclosed or used by any person without specific consent of Client's City Manager or City Attorney. Vivanti will not take with it, after termination of this Agreement, any Confidential Information that Vivanti produced, caused to be produced, or obtained during the course of Vivanti's service to Client.

c. Vivanti agrees and acknowledges that the violation of the covenants in this Paragraph 5. would cause irreparable injury to Client and that the remedy at law for any violation or threatened violation would be inadequate and that Client shall be entitled to temporary and permanent injunctive relief or other equitable relief. Vivanti represents that enforcement of a remedy by way of injunction will not prevent it from earning a livelihood. Vivanti further represents and admits that time periods contained in this Paragraph 5. are reasonably necessary to protect the interests of Client and would not unfairly or unreasonably restrict Vivanti.

d. Notwithstanding the termination of this Agreement for any reason, the provisions of Paragraph 5. of this Agreement will continue in full force and effect following such termination.

6. Intellectual Property.

a. All Work, including all materials, products, documents, drawings, reports, records, designs, concepts, images, creative, artwork, and all other information in whatever form or format, and modifications, developed or prepared by, for, or on behalf of Vivanti under or pursuant to this Agreement, are the property of Client (the "Addison Intellectual Property") and all right, title and interest therein shall vest in Addison and shall be deemed to be a "work made for hire" under United States copyright law (17 U.S.C. § 101 et seq.) and made in the course of this Agreement. To the extent that title to any such Addison Intellectual Property may not, by operation of law, vest in Addison or such works may not be considered to be work made for hire, all right, title and interest therein are hereby irrevocably assigned by Vivanti to Addison. All such Addison Intellectual Property shall belong exclusively to Addison with Addison having the right to obtain and to hold in its own name, copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof. Vivanti agrees to give Client, and any person designated by Client, any reasonable assistance required to perfect and enforce the rights defined in this Paragraph. Vivanti shall cause its subcontractors (including, without limitation, Matchbox and Tibbets Media) and its assignees to comply in all things and be bound by the terms and provisions of this Paragraph to the same extent as Vivanti is required to comply herewith. Notwithstanding any other provisions to this Agreement, Vivanti and its subcontractors retain the right to display all designs as examples of their work in their portfolios, but for no other purpose without prior written consent of Client.

b. Client represents to Vivanti that any elements of text, graphics, photos, designs, trademarks, or other artwork furnished by Client to Vivanti for inclusion in the Work described in Schedule 1 are owned by Client, or that Client has permission from the rightful owner to use each of these elements.

7. Termination of Agreement; Return of Property.

a. Either Party (the "Non-breaching Party") may terminate this Agreement if the other Party (the "Breaching Party") fails to comply with any obligation or provision of this Agreement, and such failure remains uncured for a period of ten (10) days after notice thereof (which notice shall specifically identify the failure) (the "Notice of Failure") is received by the Breaching Party; however, if the failure cannot with diligence be cured within said 10 day period, if within such 10 day period the Breaching Party provides the Non-breaching Party written notice of the curative measures which it proposes to undertake, and proceeds promptly to initiate such measures to cure such failure, and thereafter prosecutes the curing of such failure with diligence and continuity, the time within which such failure may be cured shall be extended for such period as may be necessary to complete the curing of such failure with diligence and continuity, not to exceed 15 days following the date the Notice of Failure is received by the Breaching Party.

b. In addition to the right to terminate this Agreement as set forth in Paragraph 7.a, above, Client and Vivanti may terminate this Agreement, for any reason or for no reason, at any time by giving thirty (30) days written notice of termination to the non-terminating party.

c. Upon termination or expiration of this Agreement, Vivanti will promptly (but in any event within not more than 10 days after such termination or expiration) provide or return to Client all drawings, project plans, documents and other tangible manifestations of Confidential Information or Work products, and all Addison Intellectual Property, as herein defined, including all copies and reproductions thereof. In addition, Vivanti will return any other property belonging to Client.

d. Client shall pay Vivanti in accordance with this Agreement all undisputed amounts for all Work and Additional Work performed and expenses incurred prior to the date of termination. Work completed by Vivanti prior to termination shall be billed at the hourly rate of \$135, and deducted from any downpayment remitted by Client, the balance of which (if any) shall be returned to Client. If, at the time of the request for refund, work has been completed beyond the amount covered by the initial payment, Client shall be liable to pay for all Work or Additional Work completed at the hourly rate in accordance with this Agreement.

8. Representations. Vivanti represents and warrants that (and the same shall be true at all times while this Agreement, or any portion hereof, is in effect):

a. Vivanti is a limited liability company duly organized and validly existing under the laws of the State of Texas and is qualified to do business in the State of Texas, has the legal capacity and the authority to enter into and perform its obligations under this Agreement;

b. The execution and delivery of this Agreement and the performance and observance of its terms, conditions and obligations have been duly and validly authorized by all necessary action on its part to make this Agreement, and this Agreement is not in contravention of Vivanti's articles or certificate of formation or regulations, or any agreement or instrument to which Vivanti is a party or by which it may be bound as of the date hereof;

c. Vivanti has the necessary legal ability to perform its obligations under this Agreement;

d. No litigation or governmental proceeding is pending, or, to the knowledge of any of Vivanti's officers, threatened against or affecting Vivanti, which may result in a material adverse change in Vivanti's business, properties or operations sufficient to jeopardize Vivanti as a going concern; and

e. This Agreement constitutes a valid and binding obligation of Vivanti, enforceable according to its terms, except to the extent limited by bankruptcy, insolvency and other laws of general application affecting creditors' rights and by equitable principles, whether considered at law or in equity.

9. Independent Contractor. This Agreement shall not render Vivanti an employee, partner, agent of, or joint venturer with Client for any purpose. Vivanti is and will remain an independent contractor in its relationship with Client, and nothing in this Agreement creates or is intended to create and this Agreement shall not be construed to create, an employer-employee relationship, a joint venture relationship, a joint enterprise, a principal/agent relationship, or to allow Client City to exercise discretion or control over the manner in which Vivanti performs the Work or Additional Work which is the subject matter of this Agreement. Client shall not be responsible for withholding taxes with respect to Vivanti's compensation hereunder. Vivanti shall have no claim against Client hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employment benefits of any kind.

10. Laws Affecting Electronic Commerce. From time to time governments enact laws and levy taxes and tariffs affecting Internet electronic commerce. Client agrees that Client is solely responsible for complying with such laws, taxes, and tariffs, and will hold harmless, protect, and defend Vivanti and its subcontractors from any claim, suit, penalty, tax, or tariff arising from Client's exercise of Internet electronic commerce.

11. Assignment, Binding Effect.

a. Neither this Agreement nor any duties or obligations under this Agreement, except as otherwise provided herein, may be assigned, sold, transferred, or otherwise conveyed (collectively, "assignment") by Vivanti without the prior written consent of Client, which shall be in Client's sole discretion. Any such assignment without Client's prior written consent shall be null and void.

b. The covenants and conditions contained in this Agreement shall apply to and bind the Parties and the heirs, legal representatives, successors and permitted assigns of the Parties.

c. Vivanti shall require each of its contractors (including, without limitation, Matchbox and Tibbets Media) to perform and complete its work and services in accordance with the contract documents between Vivanti and such contractor that concern the matters, or some of the matters, set forth in this Agreement.

12. **Insurance; Vivanti's Indemnity Obligation.**

a. *Insurance.* At all times in connection with this Agreement, Vivanti shall purchase and maintain in a company or companies lawfully authorized to do business in Texas such insurance coverages as set forth below:

1. Commercial general liability insurance for all of its operations at minimum combined limits of \$1,000,000 per occurrence and \$2,000,000 general aggregate. Coverage must be amended to provide for an each-project aggregate limit of insurance.

2. Professional liability (Errors & Omissions) - with a per loss limit policy period aggregate limit of not less than \$1,000,000 per occurrence. Said insurance shall provide coverage for claims arising out of Vivanti's errors, omissions, wrongful acts, negligence, misstatement, or breach of duty in the rendering, or failure to render, the services for which it was contracted.

3. Commercial Automobile Liability insurance at minimum combined single limits of \$1,000,000 per-occurrence for bodily injury and property damage, including owned, non-owned, and hired car coverage.

With reference to the foregoing insurance requirement, Vivanti shall specifically endorse applicable insurance policies as follows:

1. The Town of Addison, Texas shall be named as an additional insured with respect to all liability policies.

2. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Town of Addison.

3. A waiver of subrogation in favor of the Town of Addison, Texas, its officers, employees, and agents shall be contained in each policy required herein.

4. All insurance policies shall be endorsed to the effect that the Town of Addison, Texas will receive at least sixty (60) days' notice prior to cancellation or non-renewal of the insurance.

5. All insurance policies, which name the Town of Addison, Texas as an additional insured, must be endorsed to read as primary coverage regardless of the application of other insurance.

6. Required limits may be satisfied by any combination of primary and umbrella liability insurances.

7. Vivanti may maintain reasonable and customary deductibles.

8. Insurance must be purchased from insurers that are financially acceptable to the Town of Addison and licensed to do business in the State of Texas.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance shall be prepared and executed by the insurance company or its authorized agent, delivered to Vivanti and the Town of Addison prior to the commencement of any Services hereunder, and shall :

1. List each -insurance coverage described and required herein. Such certificates will also include a copy of the endorsements necessary to meet the requirements and instructions contained herein.

2. Specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

Upon request, Vivanti shall furnish the Town of Addison with complete copies of all insurance policies certified to be true and correct by the insurance carrier.

b. **Vivanti's Indemnity Obligation.** Vivanti covenants, agrees to, and shall DEFEND (with counsel reasonably acceptable to Addison), INDEMNIFY, AND HOLD HARMLESS the Town of Addison, Texas and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (the Town of Addison, Texas, and the elected officials, the officers, employees, representatives, and volunteers of the Town of Addison, Texas each being an "Addison Person" and collectively the "Addison Persons"), from and against any and all claims, liabilities, judgments, lawsuits, demands, harm, losses, damages, proceedings, suits, actions, causes of action, liens, fees, fines, penalties, expenses, or costs, of any kind

and nature whatsoever made upon or incurred by the Town of Addison, Texas and/or any other Addison Person, whether directly or indirectly, (collectively, the "Claims"), that arise out of, result from, or relate to: (i) the Work and any Additional Work as described in this Agreement, including Paragraph 1 and Schedule 1 hereof, (ii) any representations and/or warranties by Vivanti under this Agreement, and/or (iii) any act or omission under, in performance of, or in connection with this Agreement by Vivanti or by any of its owners, directors, officers, shareholders, managers, partners, employees, agents, consultants, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees, or any other person or entity for whom Vivanti is legally responsible, and their respective owners, directors, officers, shareholders, owners, directors, officers, shareholders, managers, partners, employees, agents, consultants, contractors, subcontractors, invitees, patrons, guests, customers, licensees, sublicensees (collectively, "Vivanti Persons"). **SUCH DEFENSE, INDEMNITY AND HOLD HARMLESS SHALL AND DOES INCLUDE CLAIMS ALLEGED OR FOUND TO HAVE BEEN CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF ANY ADDISON PERSON, OR CONDUCT BY ANY ADDISON PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND.**

Vivanti shall promptly advise Client in writing of any claim or demand against any Addison Person related to or arising out of Vivanti's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Vivanti's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons' option and own expense, to participate in such defense without relieving Vivanti of any of its obligations hereunder. The terms and provisions of this defense, indemnity and hold harmless shall survive the expiration or termination of this Agreement.

13. Notices. Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered by hand or when deposited in the United States mail, by registered or certified mail, return receipt requested, postage prepaid or with a nationally recognized overnight courier serviced addressed to the respective parties as follows:

If to Vivanti: Laura Schieber
 Vivanti, LLC d/b/a Vivanti Group
 5005 Greenville Avenue, Suite 155
 Dallas, Texas 75206

If to Client: Town of Addison, Texas
 5300 Belt Line Road
 Dallas, Texas 75254
 Attn: City Manager

Either Party may change such addresses from time-to-time by providing notice as set forth.

14. Headings; "Includes". The headings herein are for convenience of reference only and shall not be deemed to be part of the substance of this Agreement. The words "includes" and "including" are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

15. Entire Agreement, Modification, Waiver.

a. This Agreement constitutes the entire agreement between the Parties and supersedes any prior understanding or representation of any kind preceding the date of this Agreement. There are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Agreement.

b. This Agreement may be modified, amended or supplemented only by a written agreement signed by Vivanti and Client.

c. The failure of either Party to enforce any provision of this Agreement shall not be deemed a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement. No term or condition of this Agreement will be deemed waived, and no breach will be deemed excused, unless such waiver or excuse is in writing and is executed by the Party from whom such waiver or excuse is claimed.

16. Governing Law, Enforceability; Severability. This Agreement shall be governed in all respects by the laws of the State of Texas without regard to its conflict of laws principles.

It is the intention of Client and Vivanti that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the laws of the State of Texas, but that the unenforceability (or the modification to conform with such laws or public policies) of any provisions hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement (by adding thereto, as may be necessary, a provision that is as close to the intent of the original provision as possible) in order to render the same valid and enforceable to the fullest extent permissible as aforesaid. The provisions of this Agreement shall be deemed severable, and the invalidity or unenforceability of any one or more of the provisions hereof shall not affect the validity and enforceability of the other provisions hereof.

17. Jurisdiction and Venue. The Parties irrevocably and unconditionally (a) agree that any suit, action or legal proceeding arising out of or relating to this Agreement shall be brought in the courts of record of the State of Texas, Dallas County or the court of the United States, Northern District of Texas; (b) consents to the jurisdiction of each such court in any such suit, action or proceeding; and (c) waives any objection which it or he may have to the laying of venue of such suit, action or proceeding in any of such courts.

18. [Section 17 Warranty. Intentionally Deleted.]

19. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement.

20. Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by either Party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights either Party may have by law, statute, ordinance, or otherwise.

21. No Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the parties hereto and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

22. Authorized Signatories. Each Party hereby represents that the undersigned officers and/or agents of the Parties are the properly authorized persons and have the necessary authority to execute this Agreement on behalf of each of the respective Parties.

23. Dispute Resolution. Prior to the institution of any suit, action or other legal proceeding, the parties agree to submit any dispute hereunder to, and attempt in good faith to resolve such dispute through, mediation. Unless otherwise agreed in writing by the parties, mediation shall be conducted in accordance with the Construction Industry Mediation Rules of the American Arbitration Association, and each party shall pay one-half of the mediation fee. If the dispute is not resolved by mediation, then the dispute shall be resolved by litigation, unless otherwise agreed in writing between the parties.

In Witness Whereof, the Parties have executed this Agreement effective as of the Effective Date.

Vivanti, LLC d/b/a Vivanti Group

By: Laura Schieber,
Principal

Client: _____

.

By: _____,
Its: _____

**Schedule 1
to
Services Agreement**

THE WORK

Over the term of this Agreement Vivanti will deliver the following key deliverables:

- Marketing strategy and project management services for Special Event Marketing
- Creative concepts and implementation for special events including Fork & Cork, Oktoberfest, Kaboom Town! and Summer Series (each an “Event” and collectively “Events”).
- Marketing strategy and project management services for Economic Development marketing
- Marketing strategy and project management services for Visitor Services
- Media plan / budget / schedule
- Media purchase, coordination and submission for all advertising placements

- Additional marketing and advertising services for other Town of Addison departments and special projects as needed. This work will be estimated by Vivanti and agreed to by both parties prior to project inception.

I. EVENTS

Total budget for all Events not to exceed \$295,750 (this includes all hourly rate fees as described in Paragraph 3.a. above and all out-of-pocket expenses (plus any mark-up) as described in Paragraph 3.c. above). The scope of work for each event is limited to the items detailed below. Any additional items to support Events not included on this list requested by the Town of Addison will be considered Additional Work to be estimated separately unless the new item replaces another item of equal value.

All pricing is based on hourly estimates for work based on *presenting two (2) initial concepts for each with three (3) rounds of revisions*. For each Event, as requested by Client from time to time, Vivanti will provide the following at a not-to-exceed dollar amount identified (e.g., the total fees, costs, and expenses (including all hourly rate fees as described in Paragraph 3.a. and all out-of-pocket expenses (plus any mark-up) as described in Paragraph 3.c.)_ for Marketing Strategy and Project Management, as set forth below, shall not exceed \$16,000):

**Marketing Strategy and Project Management
(handled by Vivanti)**

\$16,000

- Establish marketing objectives, strategies and metrics for measuring success for the Events
- Attend all event marketing meetings
- Weekly status call to review outstanding items with the Town of Addison
- Track budget, schedule and list of deliverables to ensure timely completion, review and submission.
- Provide a written marketing report following each event (to be provided to Client not later than the last day of the month next following the event that is the subject of the report)
 - Event attendance
 - Marketing recap reports
 - Impressions and/or response rates for all media
 - Update on marketing activities completed during the period
 - Tracking success metrics identified in the marketing plan
 - Success Stories

Media plan / budget / schedule

(to be handled by Vivanti through Tibbets Media)

\$2,000

The document will lay out specific media to be used to execute the marketing campaign for the Town of Addison Events. It will include a detailed implementation plan including a monthly schedule and budget. Scope includes initial presentation of draft plan with two rounds of changes/edits for Client consideration of approval.

Media purchase, coordination and submission

(to be handled by Vivanti through Tibbets Media)

\$70,000

The scope of work includes:

- Purchasing media and trafficking creative to vendors and media channels in a timely fashion to meet campaign deadlines outlined in the marketing and media plan.
- Cost for all ad buys.
- Ensure the creative team is aware of media specifications and double check that materials are in the appropriate formats required by vendors / media outlets.

Photography/ Illustration

(to be handled by Vivanti through Matchbox)

\$25,000

Purchase of illustration and/or photography to be used in the Event campaigns.

Graphic Design for Events (to be handled by Vivanti through Matchbox) \$83,930

Execute all creative deliverables for Events as outlined below. Scope of graphic design services for Events is limited to the items outlined in the following list. This list of deliverables was created based on the marketing deliverable list provided by the Town of Addison. *Additional Work is considered outside the scope of this Agreement and will result in additional fees.*

Please see the following page for the listing of creative deliverables for the special events.

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Events Creative Deliverables:

Fork & Cork \$46,730

Concept Refresh
Logo
Website Graphics
Social Media Graphics
Flyer
Email Invitation
Email Template
Ticket/Pass & Lanyard
Kiosks
Program
Belt Line Banner
Print Ad
Print Ad Resizes (3)
Online Ad Campaign
Online Ad Resizes (1)
Radio Ad Copy
Billboard
NY Times Insert
Parking Pass
Vendor Signs

Summer Series \$6,250

Concept Refresh
Web Banner
Kiosk
Print Ad
Print Ad Resizes (1)
Belt Line Banner

Kaboom! Town \$9,550

Concept Refresh
Web Banner / Main Graphic
Email Blast Header
Parking Passes - 4 Versions
Kiosk
Print Ad
Print Ad Resizes (3)
Online Ad
Online Ad Resizes (1)
Belt Line Banner

Oktoberfest \$21,400

Web Banner/Main Graphic
Email Blast Header
Program
Parking Passes - 4 Versions
Flyers
Kiosks
Ticket - Version 1
Ticket - Version 2
Ticket Booth Posters
Print Ad
Print Ad Resizes (3)
Online Ad
Online Ad Resizes (12)
Belt Line Banner
Billboard
Coaster Artwork
Bottleneck Hangers
Case Cards
T-shirt

Printing (to be handled by Vivanti through Matchbox)

\$70,000

Budget for all printing / production of all marketing collateral for the Events outlined in the Events creative deliverables. We will only bill for the actual cost of the printing.

- Beltline banner
- Event tickets
- Parking passes
- Event programs
- Flyers
- Kiosk displays
- Ticket Booth Posters
- Inserts
- Ticket booth signs

Copywriting (to be handled by Vivanti) \$23,820
 Development of a tagline / theme for each Event along with editing services for all collateral pieces outlined in the Events creative deliverables. Price includes original content development with two rounds of revisions.

Miscellaneous Expenses \$1,600
 Small contingency for unexpected items not included in our project scope and for incidental reimbursed expenses.

II. ECONOMIC DEVELOPMENT

Total budget for economic development is not to exceed \$109,946 (this includes all hourly rate fees as described in Paragraph 3.a. above and all out-of-pocket expenses (plus any mark-up) as described in Paragraph 3.c. above). The scope of work Economic Development is limited to the items outlined below. Any additional items to support Economic Development not included on this list requested by the Town of Addison will be considered Additional Work to be estimated separately unless the new item replaces another item of equal value.

The fees and expenses below reflect the cost to concept, write, design and produce marketing collateral for the Town of Addison. *For each project, Vivanti will show and provide to Client a first round of two (2) creative concepts. If a design is not chosen in the first round, this fee includes one (1) additional round of creative, OR three (3) rounds of revisions to a selected design. Any additional rounds will be estimated separately.* Once a design direction is chosen, designs will move into production. Production includes making any final tweaks to the design, and prepping files to print. Vivanti, through Matchbox, will coordinate and oversee printing. The estimates below are based on an hourly estimate billed at \$135 an hour.

Economic Development creative deliverables (the dollar amounts identified are estimated not-to-exceed amounts, and include all fees, costs and expenses (e.g., the total fees, costs, and expenses (including all hourly rate fees as described in Paragraph 3.a. and all out-of-pocket expenses (plus any mark-up) as described in Paragraph 3.c.)_ for Photography, as set forth below, shall not exceed \$6,000):

Ad Development	
Create one new ad for the existing campaign with an airport focus	\$2,500
Create two new ads for the existing campaign (one airport and one TBD)	\$5,000
Photography for new ad(s):	\$6,000

Ad Re-sizing \$8,400
\$350 each, assume 24 for the year.

10' x 10' Tradeshow Booth Display \$2,270
Update all three panels of the booth to accommodate the new logo

Printing three new panels \$850

Update the table cloth \$635

Print two table cloths \$788

Media purchase, coordination and submission (to be handled by Vivanti through Tibbets Media) **\$80,000**

The scope of work includes:

- Developing media plan
- Purchasing media and trafficking creative to vendors and media channels in a timely fashion to meet campaign deadlines outlined in the marketing and media plan.
- Cost for all ad buys.
- Ensure the creative team is aware of media specifications and double check that materials are in the appropriate formats required by vendors / media outlets.

Project management **\$6,000**

Vivanti Group will invoice monthly for efforts to support the economic development marketing initiatives. Activities include the following:

- Recommendations / coordinating media plan.
- Track budget, schedule and list of deliverables to ensure timely completion, review and submission.

III. MARKETING CONSULTING **\$12,960**

Vivanti Group will invoice monthly for marketing strategy, project management and consulting services to the Town of Addison marketing department related to planning for upcoming projects and initiatives. This includes time for weekly project meetings, strategy and planning for upcoming projects and attending other special planning meetings. Additional hours required will be considered Additional Work and will be estimated and agreed to separately.

ADDITIONAL WORK

Vivanti Group (whether on its own or through Matchbox or Tibbets) will, as may be requested by Client from time to time, also support the marketing efforts of other Town of Addison departments and special projects. Additional Work includes work not included within the scope of The Work I. Special Event, II. Economic Development and III Marketing departments. It also includes all other Town of Addison projects.

Specific estimates for all Additional Work will be provided on a project by project basis after complete project scope is defined and prior to initiation of work. All estimates will be provided based on the Vivanti Group hourly rate of \$ 135 prior to 3/1/14 and \$150 after 3/1/14.

This work will be estimated by Vivanti and agreed to in writing and signed by both parties prior to project inception.

TEAM MEMBER RESPONSIBILITIES

Vivanti ensures that Work and Additional Work provided directly by Vivanti along Tibbets Media and Matchbox, are thoroughly coordinated from planning through implementation. Specific roles for each of Vivanti, Matchbox, and Tibbets Media, as determined by Vivanti, follow.

Vivanti Group

- Project management
- Marketing strategy
- Planning
- Writing / editing
- Reporting

- Creative services
- Art direction
- Production and printing oversight/management
- Photography / illustration

Matchbox

- Branding

Tibbets Media

- Media planning, buys, scheduling and placement

PROCESS

Vivanti Group is available to begin the Work immediately. The project steps are outlined below as a way to imagine the proposed approach. A final project timeline for each item will be developed based on client deadlines.

Fork & Cork Campaign

Concept development / presentation

Revisions / Client approval

Creative implementation development / revisions / approval / execution

Track and report results

Modify plan based on results

Economic Development Campaign

Concept development / presentation

Revisions / Client approval

Creative implementation development / revisions / approval / execution

Track and report results

Modify plan based on results

Summer Series Campaign

Concept development / presentation

Revisions / Client approval

Creative implementation development / revisions / approval / execution

Track and report results

Modify plan based on results

Kaboom Town! Campaign

Concept development / presentation

Revisions / Client approval

Creative implementation development / revisions / approval / execution

Track and report results

Modify plan based on results

Oktoberfest Campaign

Concept development / presentation

Revisions / Client approval

Creative implementation development / revisions / approval / execution

Track and report results

Modify plan based on results

Combined Meeting

R5

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Discussion and take action regarding appointment of a Member to the Planning and Zoning Commission.

FINANCIAL IMPACT:

N/A

BACKGROUND:

Commissioner Stockard's second term on the Planning and Zoning Commission will expire on February 28th. Commissioner Stockard's appointment belongs to Council Member Moore.

RECOMMENDATION:

Combined Meeting

R6

Meeting Date: 02/25/2014

Council Goals: Mindful stewardship of Town Resources.

AGENDA CAPTION:

Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Refunding Bonds, Series 2014 (AMT); levying a tax in payment thereof; approving the Official Statement; approving execution of a Deposit Agreement; and enacting other provisions relating thereto.

FINANCIAL IMPACT:

The anticipated savings will be approximately \$100,000.

BACKGROUND:

The Town's bonds, to be designated "Town of Addison, Texas, General Obligation Bonds, Series 2014," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas and Section 5.11 of the Charter of the Town.

RECOMMENDATION:

Administration recommends approval.

Attachments

General Obligation Refunding Bonds, Series 2014

BOND ORDINANCE

\$ _____

TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2014 (AMT)

Dated: February 15, 2014

Adopted: February 25, 2014

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AN ORDINANCE AUTHORIZING THE ISSUANCE OF TOWN OF ADDISON, TEXAS, \$_____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014 (AMT); LEVYING A TAX IN PAYMENT THEREOF; APPROVING THE OFFICIAL STATEMENT; APPROVING EXECUTION OF A DEPOSIT AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, there are presently outstanding certain obligations of the Town of Addison, Texas (the "Town"), which are secured by and payable from ad valorem taxes levied on property within the Town in an amount sufficient to pay principal of and interest on such bonds as they become due within the limits prescribed by law; and

WHEREAS, the Town now desires to refund such obligations described on Schedule I hereto (such Refunded Obligations to be hereinafter referred to as the "Refunded Obligations"); and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207") authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with the paying agent for the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the City Council hereby finds and determines that the refunding contemplated in this Ordinance will benefit the Town by providing a net present value savings of debt service payable by the Town in the amount of \$_____ and that such benefit is sufficient consideration for the refunding of the Refunded Obligations; and

WHEREAS, the refunding bonds hereinafter authorized are to be issued and delivered pursuant to Chapters 1207 and in accordance with the general laws of the State of Texas; and

WHEREAS, the City Council hereby finds, determines and declares that it is necessary and in the best interest of the Town and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds for the purposes herein stated at this time, all in a single issue; and

WHEREAS, the City Council hereby finds, determines and declares that it is necessary and in the best interest of the Town and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds for the purposes herein stated at this time, all in a single issue; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

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:

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.02(a) of this Ordinance.

“Bonds” means the Town’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “Town of Addison, Texas, General Obligation Refunding Bonds, Series 2014 (AMT).”

“Deposit Agreement” means that certain Deposit Agreement authorized in Section 13.02 herein, between the City and the Paying Agent/Registrar for the Refunded Obligations.

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Initial Bond” means the Initial Bond authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity, such dates being February 15 and August 15 of each year, commencing on February 15, 2015.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, National Association, or any successor thereto as provided in this Ordinance.

“Project” means the purposes for which the Bonds are issued as described in Section 3.01(a).

“Record Date” means the last business day of the month next preceding an Interest Payment Date.

“Refunded Obligations” means the obligations of the Town described in Schedule I attached hereto.

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

“Representation Letter” means the Blanket Letter of Representations between the Town and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Town” means the Town of Addison, Texas.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds after the applicable payment date.

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) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Town, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent (2%) per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Town most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

(d) If the lien and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

Section 2.02. Interest and Sinking Fund.

(a) The Town hereby establishes a special fund or account to be designated the "Town of Addison, Texas, General Obligation Refunding Bonds, Series 2014, Interest and

Sinking Fund,” said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.01. Authorization.

The Town’s bonds, to be designated “Town of Addison, Texas, General Obligation Refunding Bonds, Series 2014 (AMT),” are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, and Section 5.11 of the Charter of the Town. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purposes of (a) providing funds to refund a portion of the Town’s outstanding debt (the “Refunded Obligations”) in order to lower the overall debt service requirements of the Town; and (b) to pay the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated February 15, 2014. 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, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Serial Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015			2018		
2016			2019		
2017			2020		

Term Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__	\$_____	_____%

(c) Interest shall accrue and be paid on each Bond respectively until its maturity, from the later of the Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable on each Interest Payment Date until maturity. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to each Owner as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class United States mail, postage prepaid, to the address of each Owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner by United States mail, first-class postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the accounts of the Owners of the Bonds to

which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment 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 monies or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Bonds.

(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 manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or 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 by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory 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 Initial Bond 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, that it is a valid and binding obligation of the Town and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds payable in stated installments to the Purchaser, or its designee, executed by the Mayor and City Secretary of the Town by their manual or facsimile signatures, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver a single registered, definitive Bond for each maturity, in the aggregate principal amount thereof, to DTC on behalf of the Purchaser.

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 as provided herein (except interest shall be paid to the person in whose name such Bond is registered on the Record Date or 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 Owner of a Bond 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 the Designated Payment/Transfer 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) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original 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 exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for any different denomination of any of the Bonds. The Paying Agent/Registrar, however, may 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 or exchange of a Bond.

Section 3.07. Cancellation.

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 proper

records shall be made regarding such payment, exchange or replacement. The Paying Agent/Registrar shall then return such cancelled Bonds to the Town or may in accordance with law destroy such cancelled Bonds and periodically furnish the Town with certificates of destruction of such Bonds.

Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of 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.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

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 Owner 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 Owner 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 to save it and the Town 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, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it 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. Book-Entry Only System.

Notwithstanding any other provision hereof, upon initial issuance of the Bonds, the ownership of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town 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 in the Bonds. Without limiting the immediately preceding sentence, the Town 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever.

The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Register 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 Town's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Town to make payments of amounts due 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., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The Representation Letter previously executed and delivered by the Town, and applicable to the Town's obligations delivered in book-entry-only form to DTC as securities depository is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the Town or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representations Letter of the Town to DTC, or in the event DTC discontinues the services described herein, the Town 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 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register 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 Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION PROVISIONS

Section 4.01. No Optional Redemption.

The Bonds are not subject to optional redemption prior to their maturity.

Section 4.02. Mandatory Sinking Fund Redemption.

(a) The Bonds maturing on February 15 in the year 20__ (the “Term Bonds”), are subject to scheduled mandatory redemption and will be redeemed by the Town, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Bonds Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	\$_____
February 15, 20__	_____
February 15, 20__*	_____

*maturity

(a) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.04.

(b) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.02 shall be reduced, at the option of the Town, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Town at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

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 the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(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 Owners.

(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 Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register on the Business Day next preceding the date of mailing of such notice.

(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 Owner receives such notice.

Section 4.05. Payment Upon Redemption.

(a) Before or on each redemption date, the Town shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and 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 and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money 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 fails to make payment of the principal thereof, redemption premium, if any, 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 the Town shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the Town.

Section 4.07. Conditional Notice of Redemption.

(a) The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, National Association, 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, a trust company organized under the laws of the State of Texas, or any 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 an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Town and the Paying Agent/Registrar. The signature of the Mayor shall be attested by the City Secretary of the Town. The form of the Paying Agent/Registrar Agreement presented at this meeting is hereby approved with such changes as may be approved by bond counsel to the Town.

(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, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners.

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 Owner by United States mail, first-class postage prepaid, at the address in the Register thereof, 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 and executing the Paying Agent/Registrar Agreement, 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/Registrar, 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, the Certificate of the Paying Agent/Registrar, and the Assignment form 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 ("CUSIP Numbers")) 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 definitive Bonds shall be typewritten, photocopied, 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 and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

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

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2014 (AMT)

INTEREST RATE: MATURITY DATE: BOND DATE: CUSIP NUMBER:
_____% February 15, ____ February 15, 2014 _____

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, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2015. All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

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 corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of The Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office thereof. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with 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; provided, however, that in the event of nonpayment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class United States mail, postage prepaid, to the address of each owner of a Bond appearing in the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds"), issued pursuant to a certain ordinance of the Town (the "Ordinance") for the purpose of providing funds to refund certain outstanding obligations of the Town and to pay the costs of issuing the Bonds.

The Bonds are not subject to optional redemption prior to their maturity.

The Bonds maturing February 15 in the year 20__ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the Town, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Bonds Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	\$_____
February 15, 20__	_____
February 15, 20__*	_____

*maturity

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Ordinance.

In lieu of calling the Term Bonds described above, for mandatory redemption, the Town reserves the right to purchase such Term Bonds at a price not exceeding the principal amount thereof, plus accrued interest, with (a) moneys on deposit in the Interest and Sinking Fund which are available for the mandatory redemption of such Term Bonds or (b) other lawfully available funds.

Upon any such purchase in lieu of redemption, not less than five (5) days prior to a mandatory redemption date, the Town shall deliver such Term Bonds to the Paying Agent/Registrar prior to the selection of the Term Bonds for redemption and the principal amount so delivered shall be credited against the amount required to be called for redemption in that year.

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 Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; 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.

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 or Special Record Date, as applicable) and for all other purposes, whether or

not this Bond is overdue, and neither the Town nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the Town have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law; and that the total indebtedness of the Town, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town has caused this Bond to be executed 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.

Mayor, Town of Addison, Texas

City Secretary,
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 obligation of the Town of Addison, Texas, and that this Bond has this day been registered by me.

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

[SEAL]

Comptroller of Public Accounts
of the State of Texas

(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

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within mentioned Ordinance.

The Bank of New York Mellon Trust Company,
National Association
as Paying Agent/Registrar

Dated: _____

By: _____

Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Bond and 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:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the words "CUSIP NUMBER" shall be deleted and the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below"; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
--------------	-------------------------------	----------------------

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

Section 6.03. CUSIP Registration.

The Town may secure identification numbers through CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association, 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 Bracewell & Giuliani LLP, Bond Counsel, may be attached to or printed on the reverse side of each Bond over the certification of the City Secretary of the Town, which may be executed in facsimile.

Section 6.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds; Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the "Purchaser") for a purchase price equal to the principal amount thereof, plus a cash premium in the amount of \$_____, and plus interest accrued to the Closing Date, being the bid which produced the lowest true interest cost to the Town. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary are hereby authorized and directed to cause to be prepared a final Official Statement (the "Official Statement") incorporating applicable pricing information pertaining to the Bonds, and to execute the same by manual or facsimile signature and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the Town are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the Town is hereby authorized and directed to issue a check of the Town payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount per series to be the lesser of (i) 1/10th of 1% of the principal amount of such series of the Bonds or (ii) \$9,500.)

Section 7.02. Control and Delivery of Bonds.

(a) The Mayor of the Town is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser thereof under and subject to the general supervision and direction of the Mayor, against receipt by the Town of all amounts due to the Town under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds.

(a) First: All amounts received on the Closing Date as accrued interest on the Bonds from the Bond Date to the Closing Date shall be deposited to the Interest and Sinking Fund.

(b) Second: Proceeds of the Bonds in the amount of \$_____ shall be deposited with the Paying Agent/Registrar for the Refunded Obligations pursuant to the Deposit Agreement and, to the extent not otherwise provided for, to pay all expenses arising in connection with the refunding of the Refunded Obligations.

(c) Third: The remaining balance received on the Closing Date shall be deposited to a special fund, such moneys to be dedicated and used for paying the costs of issuance. Any amounts remaining after the payment of the costs of issuance shall be deposited to the Interest and Sinking Fund.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance and accounts provided for in Section 7.03(c), at the Town's option, may be invested in such securities or obligations as permitted under applicable law. The Town's City Manager, Financial Services Manager, and any other officer of the Town authorized to make investments on behalf of the Town, are hereby authorized and directed to execute and deliver, on behalf of the Town, any and all investment agreements, guaranteed investment contracts or repurchase agreements in connection with the investment of moneys on deposit in the Interest and Sinking Fund and the

accounts provided for in Section 7.03(c), but only to the extent such investment agreements, guaranteed investment contracts or repurchase agreements are authorized investments under applicable law.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such fund.

(b) Interest and income derived from the investment of the funds deposited pursuant to Section 7.03(c) hereof shall be credited to the fund or account where deposited until the costs and expenses pertaining to the issuance of the Bonds are paid or shall be transferred to the Interest and Sinking Fund as shall be determined by the City Council.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds.

On or before each Interest Payment Date and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants.

(a) The Town will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance; the Town will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the Town will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The Town is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Town in accordance with their terms.

Section 9.03. Federal Income Tax Exclusion.

(a) General Tax Covenant. The Town intends that the interest on the Bonds will be excludable from gross income for purposes of federal income taxation pursuant to sections 103, 141, 142 and 147 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"),

and applicable Treasury Regulations (the “Regulations”). The Town covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in Section 61 of the Code, for purposes of federal income taxation. In particular, the Town covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the Town will not be required to comply with any particular requirement of this Section 9.03 if the Town has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that (i) such noncompliance does not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code or the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion will constitute compliance with the corresponding requirement specified in this Section 9.03.

(b) Use of Proceeds. The Town covenants and agrees that its use of the Net Proceeds of the Bonds will satisfy the following requirements:

(i) At least 95 percent of the Net Proceeds of the Bonds actually expended and will be expended for costs that (A) are paid and incurred after the issue date of the Bonds; (B) are properly chargeable for federal income tax purposes to the capital account of the Project financed or refinanced with the Net Proceeds of the Bonds, or would be so chargeable either with a proper election or but for a proper election to deduct such amounts; and (C) are incurred to provide “airport facilities,” which may include both an “airport” (within the meaning of Section 142 of the Code) and property that is functionally related and subordinate thereto (within the meanings of sections 1.103-8(a)(3) and 1.103-8(e)(2)(ii) of the Regulations). For purposes of this requirement a storage or training facility shall be an “airport facility” only if such facility is directly related to the airport. In addition, an “office” shall be considered an “airport facility” only if such office is located on the premises of an airport and all but a de minimis amount of the functions to be performed at such office are directly related to the day-to-day operations at such airport.

(ii) All of the property financed or refinanced with the Net Proceeds of the Bonds will be owned by the Town. Any leases, management contracts or similar operating or use agreements entered into with any person with respect to all or any portion of the Project financed or refinanced with Net Proceeds of the Bonds will comply with the requirements of Section 142(b)(1)(B)(i)-(iii) of the Code and the applicable Regulations thereunder.

(iii) The Project financed with Net Proceeds of the Bonds will not include (i) any lodging facilities, (ii) any retail facilities (including food and beverage facilities) in excess of the size necessary to serve passengers and employees at the airport, (iii) any retail facility (other than parking) for passengers or the general public located outside of an airport terminal, (iv) any office building for individuals who are not employees of the Town, or (v) any industrial park or manufacturing facility.

(iv) The Project financed with Net Proceeds of the Bonds will not include any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(v) Except as provided in the last sentence of this clause (v), not more than 25 percent of the Net Proceeds of the Bonds actually expended will be used, directly or indirectly, for the acquisition of land or an interest therein. Notwithstanding the immediately preceding sentence no portion of the Net Proceeds of the Bonds will be used, directly or indirectly, for the acquisition of land or an interest therein to be used for farming purposes. For purposes of this requirement, land acquired for noise abatement purposes or for future use as an airport shall not be taken into account, if there is no significant other use of such land.

(vi) No portion of the Net Proceeds of the Bonds will be used for the acquisition of any existing property or an interest therein unless (i) the first use of such property is pursuant to such acquisition or (ii) the rehabilitation expenditures with respect to any building and the equipment therefor equal or exceed 15 percent of the cost of acquiring such building financed with the proceeds of the Bonds (with respect to structures other than buildings, this clause shall be applied by substituting 100 percent for 15 percent). For purposes of the preceding sentence, the term “rehabilitation expenditures” shall have the meaning set forth in Section 147(d)(3) of the Code.

(vii) All of the Net Proceeds of the Bonds will be used to (i) finance the Project and (ii) pay the issuance costs and accrued interest on the Bonds.

(viii) If the Net Proceeds of the Bonds are used in a manner not in accordance with the covenants set forth in subsections (i) through (iii) of this Section 9.03(b), or if an action is taken that causes all or any portion of the Project financed or refinanced with the Net Proceeds of the Bonds to be used in a manner not in accordance with the covenants set forth in subsections (i) through (iii) of this Section 9.03(b), the amount of Net Proceeds so improperly used shall be identified and used as described in paragraph (x) below or, if applicable, paragraph (xi) below.

(ix) For purposes of this section, the “Nonqualified Bonds” are a portion of the outstanding Bonds in an amount that, if the remaining Bonds were issued on the date on which the failure to properly use the Net Proceeds occurs, at least 95 percent of the Net Proceeds of the remaining Bonds would be used to pay or reimburse costs that satisfy the requirements of paragraphs (i) through (iii) above. The Nonqualified Bonds will be determined on an allocation basis that satisfies the requirements of Section 1.142-2(e) of the Regulations.

(x) The requirements of this paragraph (x) are met if all of the Nonqualified Bonds are redeemed on the earliest call date after the date on which the failure to properly use the proceeds occurs. Proceeds of the Bonds shall not be used for this purpose. If the Bonds are not redeemed within 90 days of the date on which the failure to properly use proceeds occurs, a defeasance escrow (as defined in Section 1.141-12(d)(5)

of the Regulations) shall be established for those Bonds within 90 days of that date. The Town will provide written notice to the Commissioner of Internal Revenue of the establishment of the defeasance escrow within 90 days of the date the escrow is established.

(xi) If the failure to properly use proceeds is a disposition of personal property exclusively for cash, the requirements of this paragraph (xi) are met if the disposition proceeds are expended within 6 months of the date of the disposition to acquire replacement property for the same qualifying purpose of the Bonds. For purposes of this paragraph (xi) disposition proceeds means disposition proceeds as defined in Section 1.141-12(c) of the Regulations.

When used in Section 9.03(b), the term Net Proceeds of the Bonds means the proceeds from the sale of the Bonds including investment earnings on such proceeds, less accrued interest.

(c) No Federal Guarantee. The Town covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by Section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The Town covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The Town will certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause any issue of the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the Town covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that any issue of the Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the Town does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the Town will take all necessary steps to comply with the requirement that certain amounts earned by the Town on the investment of the “gross proceeds” of each issue of the Bonds (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Town will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts

of the Town allocable to other bond issues of the Town or moneys that do not represent gross proceeds of any bonds of the Town, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of each issue of the Bonds that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of each issue of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Town will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The Town covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which each issue of the Bonds are issued, an information statement concerning each issue of the Bonds, all under and in accordance with Section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Limitation on Maturity. The Town covenants and agrees that the average maturity of the Bonds, taking into account the issue price of the various maturities of the Bonds, will not exceed 120 percent of the reasonably expected economic life of the assets financed by the Bonds, taking into account the respective cost of each item composing the Project financed or refinanced with the Bonds. For purposes of the preceding sentence, the reasonably expected economic life of such Project shall be determined as of the later of (i) the date on which the Bonds were issued or (ii) the date on which any component of such Project was placed in service (or expected to be placed in service). In addition, land shall not be taken into account in determining the reasonably expected economic life of such Project, except that in the event 25 percent or more of the proceeds of the Bonds is expended for land, such land shall be treated as having an economic life of 30 years and shall be taken into account for purposes of determining the reasonably expected economic life of the Project.

(i) Costs of Issuance. The Town covenants and agrees that the costs of issuance (within the meaning of Section 147(g) of the Code and applicable regulations thereunder) financed with the proceeds of the Bonds will not exceed 2 percent of the proceeds from the sale of the Bonds.

(j) Public Approval. It is found, determined and declared that, with respect to the Bonds, a sufficient written notice or notices of the date, hour, place and subject of the public hearing or hearings to be conducted by the Town was published no less than 14 days before the date of each said hearing in a newspaper of general circulation available to residents of the Town and the hearing has been conducted in a manner that provides a reasonable opportunity for persons with differing views on the issuance of the Bonds to be heard, all as required by Section 147(f) of the Code and the applicable Regulations thereunder. The appointment of the Mayor or Chief Financial Officer, individually and separately, or their respective designees as a Hearing Officer for one or more public hearings required by this Section is hereby ratified and

approved and, based on the Hearing Officer's report on such hearing, the Mayor is hereby authorized to execute a certificate with respect to each such hearing, as necessary, of the kind required by such Section 147(f) of the Code with respect to the Bonds and the Project to be financed or refinanced with the Bonds. All actions taken by the Town, its officers and its employees with respect to the publication of the notice or notices of such public hearings and the conducting of such public hearings are hereby authorized, approved and ratified.

(k) Deliberate Actions. The Town will not take a deliberate action that causes the Bonds to fail to meet any requirement of the Code regarding the use of bond proceeds after the Issuance Date of the Bonds unless an appropriate remedial action is permitted by Section 1.142-2(e) of the Regulations and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements with respect to the use of proceeds of the Bonds.

(l) Record Retention. The Town will retain all pertinent and material records relating to the use and expenditure of the proceeds of each issue of the Bonds until three years after such issue is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Town to retrieve and reproduce such books and records in the event of an examination of any issue of the Bonds by the Internal Revenue Service.

(m) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the Town's obligations under the covenants and provisions of this Section 9.03 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income on the Bonds for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Town, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the Town.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The Town shall provide annually to the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data with respect to the Town of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the Town commissions an audit of such statements and the audit is completed within the period during which they must be provided and (iii) submitted through EMMA, in an electronic format with

accompany identifying information, as prescribed by the MSRB. If the audit of such financial statements is not complete within such period, then the Town shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the MSRB. The Town shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become available.

(b) If the Town changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Town otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific referenced to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The Town shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of an event, of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) redemption calls, if material;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Town;

(xiii) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The Town will provide notice of such events to the MSRB in an electronic format and accompanied by identifying information, as prescribed by the MSRB.

(b) As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if jurisdiction has been assumed by leaving the City Council and official or officers of the Town in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

(c) The Town shall notify the MSRB, in a timely manner, of any failure by the Town to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The Town shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Town remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Town in any event will give notice of any Bond calls and any defeasances that cause the Town to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Town undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Town’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Town does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE TOWN BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY

THE TOWN, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Town in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Town under federal and state securities laws.

(e) The provisions of this Article may be amended by the Town from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Town, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the Town (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the Town so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.

ARTICLE XIII

REDEMPTION OF OBLIGATIONS; APPROVAL OF DEPOSIT AGREEMENT

Section 13.01. Payment of Paying Agency.

Prior to the Closing Date, the Town shall ascertain from the paying agent for the Refunded Obligations the amount of all future fees and expenses for its paying agency services with respect to the Refunded Obligations. Concurrently with the sale and delivery of the Bonds, the Town shall cause an amount sufficient to pay such future fees and expenses to be paid to such paying agent.

Section 13.02. Deposit Agreement.

The Deposit Agreement, in substantially the form presented at this meeting, and its execution and delivery by the Mayor is hereby authorized and approved. The signature of the Mayor may be attested by the Town Secretary.

Section 13.03. Redemption and Payment of Refunded Obligations.

The Refunded Obligations are hereby called for redemption or payment, as applicable, and shall be paid on their payment date or redeemed prior to their stated maturities on the redemption date and at the redemption price specified in Schedule I attached hereto. Following the deposit to the Paying Agent/Registrar for the Refunded Obligations pursuant to the Deposit Agreement, as herein specified, the Refunded Obligations shall be payable solely from and secured by the cash and securities on deposit pursuant to the Deposit Agreement and shall cease to be payable from ad valorem taxes.

Section 13.04. Notice of Deposit and Redemption.

The Town Secretary is hereby authorized to cause notice of redemption to be given to the respective paying agent/registrar for the Refunded Obligations by delivery of a certified copy of this Ordinance. Each paying agent/registrar for the Refunded Obligations is hereby authorized and directed to give notice of deposit and notice of redemption with respect to the Refunded Obligations as required under the ordinance pursuant to which the Refunded Obligations were issued.

ARTICLE XIV

AMENDMENTS; ATTORNEY GENERAL MODIFICATION

Section 14.01. Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the Town, and shall not be amended or repealed by the Town so long as any Bond remains outstanding except as permitted in this Section. The Town may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then outstanding and receipt of a Counsel's Opinion that such amendment, addition or rescission of any provisions of the Ordinance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

Section 14.02. Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance

Section 14.03. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Bonds.

Section 14.04. Attorney General Modification.

In order to obtain the approval of the Bonds by the Attorney General of the State of Texas, any provision of this Ordinance may be modified, altered or amended after the date of its adoption if required by the Attorney General in connection with the Attorney General's examination as to the legality of the Bonds and approval thereof in accordance with the applicable law. Such changes, if any, shall be provided to the City Secretary and the City Secretary shall insert such changes into this Ordinance as if approved on the date hereof.

FINALLY PASSED, APPROVED AND EFFECTIVE this February __, 2014.

Mayor, Town of Addison

ATTEST:

City Secretary
Town of Addison, Texas

APPROVED AS TO FORM:

By: _____
City Attorney, Town of Addison, Texas

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Town to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the Town appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1-6 and 8-15 of the Official Statement.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

Combined Meeting

R7

Meeting Date: 02/25/2014

Council Goals: Mindful stewardship of Town Resources.
Implement bond propositions

AGENDA CAPTION:

Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, General Obligation Bonds, Series 2014; levying a tax in payment thereof; approving the Official Statement; and enacting other provisions relating thereto.

FINANCIAL IMPACT:

The General Obligation bonds will be supported by the Town's ad valorem tax rate (Interest & Sinking portion). The financial impact of the General Obligation bonds can be located in the FY2014 budget and the Town's long-term financial plan.

BACKGROUND:

Administration believes it's an appropriate time to sell \$12,000,000 of General Obligation debt that relates to Midway (\$2,000,000) and Belt Line Road (\$10,000,000).

RECOMMENDATION:

Administration recommends approval.

Attachments

General Obligations Bonds, Series 2014

BOND ORDINANCE

\$ _____

TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BONDS
SERIES 2014

Dated: February 15, 2014

Adopted: February 25, 2014

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AN ORDINANCE AUTHORIZING THE ISSUANCE OF TOWN OF ADDISON, TEXAS, \$_____ GENERAL OBLIGATION BONDS, SERIES 2014; LEVYING A TAX IN PAYMENT THEREOF; APPROVING THE OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, by this Ordinance, the Town Council of the Town of Addison, Texas (the “Town”), is authorizing the issuance of a series of taxable general obligation bonds; and

WHEREAS, the bonds hereinafter authorized were duly and favorably voted, as required by the Constitution and laws of the State of Texas, at an election held in the Town on May 12, 2012; and

WHEREAS, at said election, the following are among the purposes and amounts of the bonds which were authorized, reflecting any amount previously issued pursuant to each voted authorization, the amount therefrom being issued pursuant to this Ordinance, and the balance that remains unissued after the issuance of such bonds herein authorized, to wit:

<u>Purpose</u>	<u>Amount Voted</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Unissued Balance</u>
<u>2012 Election</u>				
Street Utilities	\$29,500,000	\$4,500,000	\$2,000,000	\$23,000,000
Road Utilities/Streetscape	10,000,000	-0-	10,000,000	-0-
Airport Improvements	7,000,000	7,000,000	-0-	-0-
Parking Facilities	3,000,000	-0-	-0-	3,000,000
Total	<u>\$49,500,000</u>	<u>\$11,500,000</u>	<u>\$12,000,000</u>	<u>\$26,000,000</u>

WHEREAS, the City Council hereby finds, determines and declares that it is necessary and in the best interest of the Town and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds for the purposes herein stated at this time, all in a single issue; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

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:

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.02(a) of this Ordinance.

“Bonds” means the Town’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “Town of Addison, Texas, General Obligation Bonds, Series 2014.”

“Town” means the Town of Addison, Texas.

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

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Initial Bond” means the Initial Bond authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity, such dates being February 15 and August 15 of each year, commencing on February 15, 2015.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, National Association, or any successor thereto as provided in this Ordinance.

“Record Date” means the last business day of the month next preceding an Interest Payment Date.

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

“Representation Letter” means the Blanket Letter of Representations between the Town and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of or interest on the Bonds as the same come due and payable and remaining unclaimed by the Owners of such Bonds after the applicable payment date.

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) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Town, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent (2%) per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Town most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

(d) If the lien and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

Section 2.02. Interest and Sinking Fund.

(a) The Town hereby establishes a special fund or account to be designated the "Town of Addison, Texas, General Obligation Bonds, Series 2014, Interest and Sinking Fund," said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.01. Authorization.

The Town's bonds, to be designated "Town of Addison, Texas, General Obligation Bonds, Series 2014," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas and Section 5.11 of the Charter of the Town. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purposes of making the following public improvements, to wit: (i) engineering, constructing, reconstructing, improving, repairing, development, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the Town, including related streetscape improvements, public utility improvements, storm drainage facilities and improvements, signalization and other traffic controls, street lighting, and the acquisition of land therefor; (ii) relocating utilities currently located in or adjacent to the Belt Line Road right-of-way and acquiring, constructing, and developing Belt Line Road roadway and streetscape improvements and the acquisition of land therefor; and (iii) and paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated February 15, 2014. 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, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Serial Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		

Term Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__		
20__		

(c) Interest shall accrue and be paid on each Bond respectively until its maturity, from the later of the Bond Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable on each Interest Payment Date until maturity. Interest on the Bonds shall be calculated on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to each Owner as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class United States mail, postage prepaid, to the address of each Owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner by United States mail, first-class postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the accounts of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment 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 monies or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Bonds.

(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 manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or 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 by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory 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 Initial Bond 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, that it is a valid and binding obligation of the Town and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds payable in stated installments to the Purchaser, or its designee, executed by the Mayor and City Secretary of the Town by their manual or facsimile signatures, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver a single registered, definitive Bond for each maturity, in the aggregate principal amount thereof, to DTC on behalf of the Purchaser.

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 as provided herein (except interest shall be paid to the person in whose name such Bond is registered on the Record Date or 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 Owner of a Bond 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 the Designated Payment/Transfer 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) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original 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 exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for any different denomination of any of the Bonds. The Paying Agent/Registrar, however, may 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 or exchange of a Bond.

Section 3.07. Cancellation.

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 proper records shall be made regarding such payment, exchange or replacement. The Paying Agent/Registrar shall then return such cancelled Bonds to the Town or may in accordance with law destroy such cancelled Bonds and periodically furnish the Town with certificates of destruction of such Bonds.

Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of 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.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form

surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

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 Owner 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 Owner 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 to save it and the Town 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, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it 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. Book-Entry Only System.

Notwithstanding any other provision hereof, upon initial issuance of the Bonds, the ownership of the Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a single separate fully registered certificate for each of the maturities thereof.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town 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 in the Bonds. Without limiting the immediately preceding sentence, the Town 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest on such Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Register 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 Town's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Town to make payments of amounts due 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., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

The Representation Letter previously executed and delivered by the Town, and applicable to the Town's obligations delivered in book-entry-only form to DTC as securities depository is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the Town or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representations Letter of the Town to DTC, or in the event DTC discontinues the services described herein, the Town 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 Bonds to such successor securities depository or (ii) notify DTC and DTC

Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register 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 Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION PROVISIONS

Section 4.01. Optional Redemption.

(a) The Bonds maturing on or after February 15, 2025 are subject to redemption at the option of the Town on February 15, 2024 or on any date thereafter, in whole or in part, at a redemption price of par plus accrued interest to the date of redemption.

(b) The Town, at least 45 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 4.02. Mandatory Sinking Fund Redemption.

(a) The Bonds maturing on February 15, 20__ and February 15, 20__ (the "Term Bonds,") are subject to scheduled mandatory redemption and will be redeemed by the Town, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Bonds Maturing February 15, 20__

Redemption Date

Redemption Amount

February 15, 20__

February 15, 20__*

*maturity

Term Bonds Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	
February 15, 20__*	

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.04.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the Town, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the Town at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.03. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(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 Owners.

(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 Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register on the Business Day next preceding the date of mailing of such notice.

(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 Owner receives such notice.

Section 4.05. Payment Upon Redemption.

(a) Before or on each redemption date, the Town shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and 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 and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money 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 fails to make payment of the principal thereof, redemption premium, if any, 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 the Town shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the Town.

Section 4.07. Conditional Notice of Redemption.

(a) The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the

redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to a conditional notice of redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional notice of redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, National Association, 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, a trust company organized under the laws of the State of Texas, or any 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 an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Town and the Paying Agent/Registrar. The signature of the Mayor shall be attested by the City Secretary of the Town. The form of the Paying Agent/Registrar Agreement presented at this meeting is hereby approved with such changes as may be approved by bond counsel to the Town.

(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, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners.

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 Owner by United States mail, first-class postage prepaid, at the address in the Register thereof, 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 and executing the Paying Agent/Registrar Agreement, 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/Registrar, 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, the Certificate of the Paying Agent/Registrar, and the Assignment form 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 (“CUSIP Numbers”)) 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 definitive Bonds shall be typewritten, photocopied, 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 and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

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

(a) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
TOWN OF ADDISON, TEXAS
GENERAL OBLIGATION BOND
SERIES 2014

INTEREST RATE: _____% MATURITY DATE: February 15, _____
BOND DATE: February 15, 2014 CUSIP NUMBER: _____

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, on the Maturity Date specified above, the sum of

_____ DOLLARS

and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2015. All capitalized terms used herein but not defined shall have the meaning assigned to them in the Ordinance (defined below).

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 corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of The Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office thereof. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided,

however, such registered owner shall bear all risk and expense of such other banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with 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; provided, however, that in the event of nonpayment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by first-class United States mail, postage prepaid, to the address of each owner of a Bond appearing in the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the Town where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Bond is one of a series of fully registered bonds specified in the title hereof, issued in the aggregate principal amount of \$_____ (herein referred to as the "Bonds"), issued pursuant to a certain ordinance of the Town (the "Ordinance") for the purpose of providing funds to make certain permanent public improvements as described in the Ordinance and to pay the costs of issuing the Bonds.

The Bonds maturing on and after February 15, 2025 are subject to redemption at the option of the Town on February 15, 2024 or on any date thereafter at a price of par plus interest accrued to the date of redemption. If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

The Bonds maturing February 15, 20__ and February 15, 20__ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the Town, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Bonds Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	
February 15, 20__*	
*maturity	

Term Bonds Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	
February 15, 20__*	
*maturity	

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Ordinance.

In lieu of calling the Term Bonds described above, for mandatory redemption, the Town reserves the right to purchase such Term Bonds at a price not exceeding the principal amount thereof, plus accrued interest, with (a) moneys on deposit in the Interest and Sinking Fund which are available for the mandatory redemption of such Term Bonds or (b) other lawfully available funds.

Upon any such purchase in lieu of redemption, not less than five (5) days prior to a mandatory redemption date, the Town shall deliver such Term Bonds to the Paying Agent/Registrar prior to the selection of the Term Bonds for redemption and the principal amount so delivered shall be credited against the amount required to be called for redemption in that year.

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.

The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town

retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to a conditional notice of redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional notice of redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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 Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; 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.

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 or Special Record Date, as applicable) and for all other purposes, whether or not this Bond is overdue, and neither the Town nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the Town have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law; and that the total indebtedness of the Town, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town has caused this Bond to be executed 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.

Mayor, Town of Addison, Texas

City Secretary,
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 obligation of the Town of Addison, Texas, and that this Bond has this day been registered by me.

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

[SEAL]

Comptroller of Public Accounts
of the State of Texas

(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

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within mentioned Ordinance.

The Bank of New York Mellon Trust Company,
National Association
as Paying Agent/Registrar

Dated: _____

By: _____

Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Bond and 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:

Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond, the words "CUSIP NUMBER" shall be deleted and the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below"; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rate</u>
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(Information to be inserted from Section 3.02 of this Ordinance)

Section 6.03. CUSIP Registration.

The Town may secure identification numbers through CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association, 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 Bracewell & Giuliani LLP, Bond Counsel, may be attached to or printed on the reverse side of each Bond over the certification of the City Secretary of the Town, which may be executed in facsimile.

Section 6.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds; Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the "Purchaser") for a purchase price equal to the principal amount thereof, plus a cash premium in the amount of \$_____, and plus interest accrued to the Closing Date, being the bid which produced the lowest true interest cost to the Town. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary are hereby authorized and directed to cause to be prepared a final Official Statement (the "Official Statement") incorporating applicable pricing information pertaining to the Bonds, and to execute the same by manual or facsimile signature and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the Town are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the Town is hereby authorized and directed to issue a check of the Town payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount per series to be the lesser of (i) 1/10th of 1% of the principal amount of such series of the Bonds or (ii) \$9,500.)

Section 7.02. Control and Delivery of Bonds.

(a) The Mayor of the Town is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser thereof under and subject to the general supervision and direction of the Mayor, against receipt by the Town of all amounts due to the Town under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds.

(a) First: All amounts received on the Closing Date as accrued interest on the Bonds from the Bond Date to the Closing Date shall be deposited to the Interest and Sinking Fund.

(b) Second: Proceeds of the Bonds in the amount of \$_____ shall be deposited to a special fund of the Town and such moneys shall be used for the purposes described in Section 3.01(i) and (ii) herein.

(c) Third: The remaining proceeds of the Bonds, including premium in the amount of \$_____, shall be deposited to a special account of the Town and shall be used to pay the costs and expenses pertaining to the issuance of the Bonds. To the extent any of such amount is not used for such purposes, such excess shall be deposited to the Interest and Sinking Fund.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance and accounts provided for in Section 7.03(c), at the Town's option, may be invested in such securities or obligations as permitted under applicable law. The Town's City Manager, Financial Services Manager, and any other officer of the Town authorized to make investments on behalf of the Town, are hereby authorized and directed to execute and deliver, on behalf of the Town, any and all investment agreements, guaranteed investment contracts or repurchase agreements in connection with the investment of moneys on deposit in the Interest and Sinking Fund and the accounts provided for in Section 7.03(c), but only to the extent such investment agreements, guaranteed investment contracts or repurchase agreements are authorized investments under applicable law.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such fund.

(b) Interest and income derived from the investment of the funds deposited pursuant to Section 7.03(c) hereof shall be credited to the fund or account where deposited until the costs and expenses pertaining to the issuance of the Bonds are paid or shall be transferred to the Interest and Sinking Fund as shall be determined by the City Council.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds.

On or before each Interest Payment Date and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants.

(a) The Town will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance; the Town will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner

prescribed in such Bond; and the Town will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The Town is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the Town in accordance with their terms.

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

The Town intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder the ("Regulations"). The Town covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in the gross income, as defined in Section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the Town covenants and agrees to comply with each requirement of Sections 9.03 through 9.11 of this Article IX; provided, however, that the Town shall not be required to comply with any particular requirement of Sections 9.03 through 9.11 of this Article IX if the Town has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the Town has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in Sections 9.03 through 9.11 of this Article IX will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in Sections 9.03 through 9.11 of this Article IX.

Section 9.04. No Private Use or Payment and No Private Loan Financing.

The Town shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been used and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations. The Town covenants and agrees that it will make such use of the proceeds of the Bonds and the Refunded Obligations, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the bonds will not be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations.

Section 9.05. No Federal Guaranty.

The Town covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations, except as permitted by Section 149(b)(3) of the Code and the Regulations.

Section 9.06. Bonds are not Hedge Bonds.

The Town covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code and the Regulations.

Section 9.07. No-Arbitrage Covenant.

The Town shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the Town will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the Regulations. Moreover, the Town covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the Regulations.

Section 9.08. Arbitrage Rebate.

If the Town does not qualify for an exception to the requirements of Section 148(f) of the Code, the Town will take all necessary steps to comply with the requirement that certain amounts earned by the Town on the investment of the “gross proceeds” of the Bonds (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Town will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the Town allocable to other bond issue of the Town or moneys which do not represent gross proceeds of any bonds of the Town, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the Town will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

The Town covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with Section 149(e) of the Code and the Regulations.

Section 9.10. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the Town's obligations under the covenants and provisions of Sections 9.03 through 9.09 of this Article IX shall survive the defeasance and discharge of the Bonds.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the Town, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the Town.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

The Bonds may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The Town shall provide annually to the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data with respect to the Town of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the Town commissions an audit of such statements and the audit is completed within the period during which they must be provided and (iii) submitted through EMMA, in an electronic format with accompany identifying information, as prescribed by the MSRB. If the audit of such financial statements is not complete within such period, then the Town shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the MSRB. The Town shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if audited financial statements become available.

(b) If the Town changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Town otherwise would be required to provide financial information and operating data pursuant to this Section.

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific referenced to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The Town shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of an event, of any of the following events with respect to the Bonds:

- (i) principal and interest payment delinquencies;

- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) redemption calls, if material;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Town;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The Town will provide notice of such events to the MSRB in an electronic format and accompanied by identifying information, as prescribed by the MSRB.

(b) As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if jurisdiction has been assumed by leaving the City Council and official or officers of the Town in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

(c) The Town shall notify the MSRB, in a timely manner, of any failure by the Town to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The Town shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Town remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Town in any event will give notice of any Bond calls and any defeasances that cause the Town to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Town undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Town’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Town does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE TOWN BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE TOWN, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Town in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Town under federal and state securities laws.

(e) The provisions of this Article may be amended by the Town from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Town, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes

such an amendment) of the outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the Town (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. If the Town so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provided.

ARTICLE XIII

AMENDMENTS; ATTORNEY GENERAL MODIFICATION

Section 13.01. Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the Town, and shall not be amended or repealed by the Town so long as any Bond remains outstanding except as permitted in this Section. The Town may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then outstanding and receipt of a Counsel's Opinion that such amendment, addition or rescission of any provisions of the Ordinance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

Section 13.02. Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance

Section 13.03. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Bonds.

Section 13.04. Attorney General Modification.

In order to obtain the approval of the Bonds by the Attorney General of the State of Texas, any provision of this Ordinance may be modified, altered or amended after the date of its

adoption if required by the Attorney General in connection with the Attorney General's examination as to the legality of the Bonds and approval thereof in accordance with the applicable law. Such changes, if any, shall be provided to the City Secretary and the City Secretary shall insert such changes into this Ordinance as if approved on the date hereof.

FINALLY PASSED, APPROVED AND EFFECTIVE this February __, 2014.

Mayor, Town of Addison

ATTEST:

City Secretary
Town of Addison, Texas

APPROVED AS TO FORM:

By: _____
City Attorney, Town of Addison, Texas

*Signature Page for Ordinance
Series 2014 General Obligation Bonds*

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Town to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the Town appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1-6 and 8-15 of the Official Statement.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

Combined Meeting

R8

Meeting Date: 02/25/2014

Council Goals: Mindful stewardship of Town Resources.

AGENDA CAPTION:

Discussion, consider, and take action regarding an ordinance authorizing the issuance of Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2014; levying a tax, and providing for the security for and payment of said Certificates; approving the Official Statement; enacting other provisions relating to the subject; and declaring an effective date.

FINANCIAL IMPACT:

The financial impact of the Certificates of Obligation were included in the FY2014 budget and are reflected in the current utility rates.

BACKGROUND:

As discussed in the FY2014 budget process the Town will be issuing Certificates of Obligation (\$7,500,000) for the purpose of water and wastewater capital projects to improve or maintain existing infrastructure. The Certificates of Obligation bonds are for the purpose of water and wastewater improvements and will be self-supporting; therefore, this obligation will be funded through the Town's utility rates.

RECOMMENDATION:

Administration recommends approval.

Attachments

Combination Tax and Revenue Certificates of Obligation, Series 2014

ORDINANCE

relating to

§ _____
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2014

Adopted: February 25, 2014

Dated: February 15, 2014

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EXHIBIT A - Description of Annual Disclosure of Financial Information

AN ORDINANCE AUTHORIZING THE ISSUANCE OF
\$ _____ TOWN OF ADDISON, TEXAS, COMBINATION
TAX AND REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2014; LEVYING A TAX, AND PROVIDING FOR THE
SECURITY FOR AND PAYMENT OF SAID CERTIFICATES;
APPROVING THE OFFICIAL STATEMENT; ENACTING
OTHER PROVISIONS RELATING TO THE SUBJECT; AND
DECLARING AN EFFECTIVE DATE

WHEREAS, under the provisions of the Texas Local Government Code, Chapter 271, Subchapter C, as amended, the Town of Addison, Texas (the "Town"), is authorized to issue certificates of obligation for the purposes specified in this Ordinance and for the payment of all or a portion of the contractual obligations for professional services, including that of engineers, attorneys, and financial advisors in connection therewith, and to sell the same for cash as herein provided; and

WHEREAS, the Town is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the Town, in combination with all or a part of certain revenues of the Town's waterworks and sewer system (the "System") remaining after payment of any obligations of the Town payable in whole or in part from a lien on or pledge of such revenues that would be superior to the obligations to be authorized herein as authorized by Chapter 1502, Texas Government Code; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the Town and its citizens that it issue such certificates of obligation authorized by this Ordinance; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention (the "Notice of Intention") to issue certificates of obligation of the Town payable as provided in this Ordinance was published in a newspaper of general circulation in the Town in accordance with the requirements of law, such certificates of obligation to be issued for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.01 hereof; and

WHEREAS, the Notice of Intention stated that the City Council intended to pass an ordinance authorizing the issuance of the Certificates at its City Council meeting held on the date of adoption of this Ordinance; and

WHEREAS, no petition of any kind has been filed with the City Secretary, any member of the City Council or any other official of the Town, protesting the issuance of such certificates of obligation; and

WHEREAS, this City Council is now authorized and empowered to proceed with the issuance of said certificates of obligation and to sell the same for cash; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore,

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

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:

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Certificate” means any of the Certificates.

“Certificate Date” means the date designated as the initial date of the Certificates by Section 3.02(a) of this Ordinance.

“Certificates” means the certificates of obligation authorized to be issued by Section 3.01 of this Ordinance and designated as “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2014.

“Closing Date” means the date of the initial delivery of and payment for the Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings, and court decisions.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the Town and such successor.

“DTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Certificate” means the initial certificate authorized by Section 3.04(d) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the Certificates is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year commencing February 15, 2015.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System less the expenses of operation and maintenance as said expenses are defined by Chapter 1502, Texas Government Code, as amended.

“Ordinance” means this Ordinance.

“Owner” means the person who is the registered owner of a Certificate or Certificates, as shown in the Register.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Prior Lien Bonds” means any and all bonds or other obligations of the Town presently outstanding or that may be hereafter issued, payable from and secured by a first lien on and pledge of the Net Revenues or by a lien on and pledge of the Net Revenues subordinate to a first lien and pledge of such Net Revenues but superior to the lien and pledge of the Surplus Revenues made for the Certificates.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

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

“Representations Letter” means the Blanket Letter of Representations between the Town and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“SID” means any person designated by the State of Texas or an authorized department, officer or agency thereof, as and determined by the SEC or its staff to be a state information depository within the meaning of the Rule from time to time.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b).

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Surplus Revenues” means the revenues of the System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with the Town’s Prior Lien Bonds; provided, however, that the amount of such Surplus Revenues pledged to the payment of the Certificates shall be limited to \$1,000.

“System” as used in this Ordinance means the Town’s waterworks and sewer system, including all present and future additions, extensions, replacements, and improvements thereto.

“Town” means the Town of Addison, Texas.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Certificates as the same come due and payable or money set aside for the payment of Certificates duly called for redemption prior to maturity.

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) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II

SECURITY FOR THE CERTIFICATES; INTEREST AND SINKING FUND

Section 2.01. Payment of the Certificates.

(a) Pursuant to the authority granted by the Texas Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the Town, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is the greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the Town most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificates when and as due and payable in accordance with their terms and this Ordinance.

(d) The amount of taxes to be provided annually for the payment of principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(i) The Town's annual budget shall reflect (i) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the Town and (ii) the amount on deposit in the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year), and (iii) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year.

(ii) The amount required to be provided in the succeeding Fiscal Year of the Town from ad valorem taxes shall be the amount, if any, the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year of the Town exceeds the sum of (i) the amount shown to be on deposit in the Interest and Sinking Fund (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year) at the time the annual budget is prepared, and (ii) the Surplus Revenues shown to be budgeted and available for payment of said debt service requirements.

(iii) Following the final approval of the annual budget of the Town, the governing body of the Town shall, by ordinance, levy an ad valorem tax at a rate

sufficient to produce taxes in the amount determined in paragraph (ii) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the Town.

(e) The Town hereby covenants and agrees that the Surplus Revenues are hereby irrevocably pledged equally and ratably to the payment of the principal of, redemption premium, if any, and interest on the Certificates, as the same become due.

(f) If the liens and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Certificates, there shall be subtracted the amount of any Certificates that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

Section 2.02. Interest and Sinking Fund.

(a) The Town hereby establishes a special fund or account to be designated the “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2014, Interest and Sinking Fund” (the “Interest and Sinking Fund”) said fund to be maintained at an official depository bank of the Town separate and apart from all other funds and accounts of the Town.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Certificates when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The Town’s certificates of obligation to be designated “Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2014” (the “Certificates”), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended, and Chapter 351, Texas Tax Code, as amended. The Certificates shall be issued in the aggregate principal amount of \$_____ for the following purposes, to wit: (i) designing, constructing, installing, acquiring and equipping additions, extensions and improvements to the Town’s water and wastewater system, and the acquisition of land and interests in land for such projects (the “Project”) and (ii) to pay professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

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

(a) The Certificates shall be dated February 15, 2014. The Certificates 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, except the Initial Certificate, which shall be numbered T-1.

(b) The Certificates shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		

(c) Interest shall accrue and be paid on each Certificate respectively until its maturity or prior redemption from the later of the Certificate Date or the most recent interest payment date to which interest has been paid or provided for at the rates per annum for each maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on February 15 and August 15 of each year commencing February 15, 2015, and shall be computed on the basis of a 360-day year of twelve 30-day months.

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

(a) The principal of, redemption premium, if any, and interest on the Certificates shall be paid in lawful money of the United States of America.

(b) Interest on the Certificates shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest shall be paid by check, dated as of and mailed on the Interest Payment Date, and sent by the Paying Agent/Registrar to each Owner, first class United States mail, postage prepaid, to the address of each Owner as it appears in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, that the Owner shall bear all risk and expense of such alternative banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Certificates, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Certificate shall be paid to the Owner thereof on the due date, whether at the maturity date or the date of prior redemption thereof upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the paying Agent/Registrar is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(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 Owners of the Certificates to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Certificates thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Certificates, 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 Owners of such Certificates for any further payment of such unclaimed moneys or on account of any such Certificates, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Certificates.

(a) The Certificates 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 Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the Town had been manually impressed upon each of the Certificates.

(b) In the event that any officer of the Town whose manual or facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates

or before the delivery thereof, such manual or 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 Certificate 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 by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate 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 Certificate has been duly approved by the Attorney General of the State of Texas, that it is a valid and binding obligation of the Town, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one initial Certificate (the "Initial Certificate") representing the entire principal amount of all Certificates, payable in stated installments to the initial purchaser, or its designee, executed by the Mayor and City Secretary of the Town, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the initial purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of the initial purchaser one registered definitive Certificate for each year of maturity of the Certificates in the aggregate principal amount of all Certificates for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.05. Ownership.

(a) The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name any Certificate is registered as the absolute owner of such Certificate for the purpose of making and receiving payment as herein provided (except interest shall be paid to the person in whose name such Certificate is registered on the Record Date or Special Record Date, as applicable), and for all other purposes, whether or not such Certificate 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 Owner of a Certificate shall be valid and effectual and shall discharge the liability of the Town and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

Section 3.06. Registration, Transfer, and Exchange.

(a) So long as any Certificates remain outstanding, the Town shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer 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 Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Certificate or Certificates of the same maturity and interest rate and in a denomination or denominations of any integral multiple of \$5,000, and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

(d) Each exchange Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the Town and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such exchange Certificate is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Certificates. The Paying Agent/Registrar, however, may 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, or exchange of a Certificate.

(f) Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption, in whole or in part, within 45 calendar days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

Section 3.07. Cancellation.

All Certificates paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance with this Ordinance, shall be canceled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then return such canceled Certificates to the Town or may in accordance with law dispose of such cancelled Certificates.

Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, the proper officers of the Town may execute and, upon the Town's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Certificates that are printed, lithographed, typewritten, mimeographed, or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates 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 Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The Town, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Certificates in definitive form; thereupon, upon the presentation and surrender of the Certificate or Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Certificates in temporary form and shall authenticate and deliver in exchange therefor a Certificate or Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificate or Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Certificates.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding. The Town or the Paying Agent/Registrar may require the Owner of such Certificate 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 Certificate 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 Certificate has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Certificate of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(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 Certificate;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the Town 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 Certificate, a bona fide purchaser of the original Certificate in lieu of which such replacement Certificate was issued presents for payment such original Certificate, the Town and the Paying Agent/Registrar shall be entitled to

recover such replacement Certificate 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 Certificate has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Certificate, may pay such Certificate when it becomes due and payable.

(e) Each replacement Certificate 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 Certificate or Certificates in lieu of which such replacement Certificate is delivered.

Section 3.10. Book-Entry-Only System.

(a) Notwithstanding any other provision hereof, upon initial issuance of the Certificates, the Certificates shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Certificates shall be initially issued in the form of a single separate certificate for each of the maturities thereof.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Town 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 in the Certificates. Without limiting the immediately preceding sentence, the Town 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, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners as shown in the Register, 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 Town's obligations with respect to payment of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Town to make payments of amounts due 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., the word “Cede & Co.” in this Ordinance shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the Town, and applicable to the Town’s obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Certificates.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the Town or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representations Letter of the Town to DTC, and that it is in the best interest of the Town and the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the Town 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 to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Certificates and cause the Paying Agent/Registrar to transfer one or more separate registered Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register 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 Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

Notwithstanding any other provision of this Ordinance to the contrary, so long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Certificates, and all notices with respect to such Certificates shall be made and given, respectively, in the manner provided in the Representations Letter of the Town to DTC.

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

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

Section 4.02. Optional Redemption.

(a) The Town reserves the option to redeem Certificates maturing on and after February 15, 2025 in whole or any part, before their respective scheduled maturity dates, on February 15, 2024 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 Certificates called for redemption plus accrued interest to the date fixed for redemption.

(b) If less than all of the Certificates are to be redeemed pursuant to an optional redemption, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(c) The Town, at least 45 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 Certificates to be redeemed.

Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Certificates maturing on February 15, 20__ (the "Term Certificates,") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Certificates Maturing February 15, 20__

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	\$ _____
February 15, 20__*	_____

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Certificates required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.04 shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) A portion of a single Certificate 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 Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Certificate as though it were a single Certificate for purposes of selection for redemption.

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

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

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Certificates by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Certificate (or part thereof) to be redeemed, at the address shown on the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Certificates are to be surrendered for payment, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates 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 Owner receives such notice.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the Town shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Certificates to be redeemed on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the Town and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Certificate to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

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

(b) If the Town shall fail to make provision for payment of all sums due on a redemption date, then any Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the Town.

Section 4.08. Conditional Notice of Redemption.

The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional notice of redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.09. Lapse of Payment.

Money set aside for the redemption of Certificates and remaining unclaimed by the Owners of such Certificates 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.

The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a 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 Certificates.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any of the Certificates 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 an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the Town and the Paying Agent/Registrar in substantially the form presented at this meeting, such form of agreement being hereby approved. The signature of the Mayor shall be attested by the City Secretary of the Town.

(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, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination.

Section 5.05. Notice of Change to Owners.

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 Owner by first class United States mail, postage prepaid, at the address thereof 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 and executing the Paying Agent/Registrar Agreement, 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/Registrar, 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 Certificates to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

(a) The Certificates, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Certificates, (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 Certificates, as evidenced by their execution thereof.

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

(c) The definitive Certificates, if any, shall be typewritten, photocopied, 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 Certificates, as evidenced by their execution thereof.

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

Section 6.02. Form of the Certificates.

The form of the Certificates, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificates, shall be substantially as follows:

(a) Form of Certificate.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Dallas
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2014

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP NUMBER:
_____ % February 15, ____ February 15, 2014 _____

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, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been provided for, and to pay interest on such principal amount from the later of Dated Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2015.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the designated office in Dallas, Texas, of The Bank of New York Mellon Trust Company, National Association, as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor Paying Agent/Registrar. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of such customary banking arrangement. At the option of an Owner of at least \$1,000,000 principal amount of the Certificates, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the last

business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled payment date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Town. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or 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 and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

This Certificate is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of \$_____ (herein referred to as the "Certificates"), issued pursuant to a certain ordinance of the Town (the "Ordinance") for the purpose of paying contractual obligations to be incurred for authorized public improvements (the "Project") as described in the Ordinance, and to pay the contractual obligations for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

The Certificates and the interest thereon are payable from the levy of a direct and continuing ad valorem tax within the limits prescribed by law, against all taxable property in the Town and from a pledge of certain Surplus Revenues (not to exceed \$1,000) of the Town's waterworks and sewer system, all as described and provided for in the Ordinance.

The Town has reserved the option to redeem the Certificates maturing on or after February 15, 2025, in whole or in part, before their respective scheduled maturity dates, on February 15, 2024, or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the Town shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or other customary method that results in a random selection the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Certificates maturing February 15, 20__ (the "Term Certificates") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of

moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Certificates Maturing February 15, 20

<u>Redemption Date</u>	<u>Redemption Amount</u>
February 15, 20__	\$ _____
February 15, 20__*	_____

*maturity

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Ordinance.

In lieu of calling the Term Certificates described above, for mandatory redemption, the City reserves the right to purchase such Term Certificates at a price not exceeding the principal amount thereof, plus accrued interest, with (a) moneys on deposit in the Interest and Sinking Fund which are available for the mandatory redemption of such Term Certificates or (b) other lawfully available funds.

Upon any such purchase in lieu of redemption, not less than forty-five (45) days prior to a mandatory redemption date, the City shall deliver such Term Certificates to the Paying Agent/Registrar prior to the selection of the Term Certificates for redemption and the principal amount so delivered shall be credited against the amount required to be called for redemption in that year.

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 Certificates to be redeemed in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

The Town reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the Town retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the Town delivers a certificate of the Town to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a

conditional notice of redemption to the affected Owners. Any Certificates subject to conditional notice of redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the Town to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Town for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the Town nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within 45 calendar days of the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Certificate.

The Town, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate 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 Certificate is registered on the Record Date, or the Special Record Date, as applicable) and for all other purposes, whether or not this Certificate be overdue, and neither the Town nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions, and things to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form, and manner as required by law; that ad valorem taxes upon all taxable property in the Town have been levied for and pledged to the payment of the debt service requirements of the Certificates within the limit prescribed by law; that, in addition to said taxes, further provisions have been made for the payment of the debt service requirements of the Certificates from a pledge of a limited amount of the Surplus Revenues, as described in the Ordinance, derived by the Town from the operation of the waterworks and sewer system in an amount limited to \$1,000, that when so collected, such taxes and Surplus Revenues shall be appropriated to such purposes; and that the total indebtedness of the Town, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Town has caused this Certificate to be executed 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 Certificate.

Mayor, Town of Addison, Texas

City Secretary,
Town of Addison, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Certificates if such certificate on the Initial Certificate 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 Certificate 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 obligation of the Town of Addison, Texas; and that this Certificate has this day been registered by me.

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

Comptroller of Public Accounts
of the State of Texas

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from each Initial Certificate if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Certificates of this series of Certificates was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Certificates referred to in the within-mentioned Ordinance.

THE BANK OF NEW YORK MELLON
TRUST COMPANY,
NATIONAL ASSOCIATION,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

(Social Security or other identifying number: _____) the within Certificate and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Certificate on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed By:

Authorized Signatory

NOTICE: The Signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Certificate in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The initial Certificate 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 Certificate, the headings “INTEREST RATE,” and “MATURITY DATE” shall both be completed with the words “As Shown Below” and the words “CUSIP NO.” shall be deleted;

(ii) in the first paragraph of the Certificate, the words “on the Maturity Date specified above, the sum of _____ DOLLARS” shall be deleted and the following will be inserted: “on the fifteenth day of February 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>
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(Information to be inserted from Section 3.02(c) hereof).

(iii) the Initial Certificate shall be numbered T-1.

Section 6.03. CUSIP Registration.

The Town may secure identification numbers through the CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect in regard to the legality thereof and neither the Town nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell & Giuliani L.L.P., Bond Counsel, may be attached to or printed on the reverse side of each Certificate over the certification of the City Secretary of the Town, which may be executed in facsimile.

Section 6.05. Statement Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Certificates, may be printed on each Certificate.

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATES; DEPOSIT OF PROCEEDS; FLOW OF FUNDS

Section 7.01. Sale of Certificates; Official Statement.

(a) The Certificates, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the "Purchaser") for a purchase price equal to the principal amount thereof, plus a cash premium in the amount of \$_____, and plus interest accrued to the Closing Date, being the bid which produced the lowest true interest cost to the City. The Initial Certificate shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary are hereby authorized and directed to cause to be prepared a final Official Statement (the "Official Statement") incorporating applicable pricing information pertaining to the Certificates, and to execute the same by manual or facsimile signature and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor and the Purchaser, may be used by the Purchaser in the public offering and sale thereof. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Certificates by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the Town are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Certificates in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Certificates to the Attorney General of the State of Texas for examination and approval of such Certificates, the appropriate officer of the Town is hereby authorized and directed to issue a check of the Town payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount per series to be the lesser of (i) 1/10th of 1% of the principal amount of such series of the Certificates or (ii) \$9,500.)

(d) The obligation of the Purchaser to accept delivery of the Certificates is subject to the Purchaser being furnished with the final, approving opinion of Bracewell & Giuliani LLP, bond counsel for the Town, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Certificates.

(a) The Mayor of the Town is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation,

examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificates shall be made to the Purchaser or a representative thereof under and subject to the general supervision and direction of the Mayor, against receipt by the Town of all amounts due to the Town under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds.

(a) First: All amounts received on the Closing Date as accrued interest on the Certificates from the Certificate Date to the Closing Date shall be deposited to the Interest and Sinking Fund.

(a) Second: The remaining balance received on the Closing Date, shall be deposited to a special account of the Town, such moneys to be dedicated and used solely for the purposes for which the Certificates are being issued as herein provided in Section 3.01. To the extent any of such amount is not used for such purposes, such excess shall be deposited to the Interest and Sinking Fund.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the Town, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which such money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund be credited to such fund.

(b) Interest and income derived from investment of the funds to be deposited pursuant to Section 7.03(b) hereof shall be credited to the account where deposited until the acquisition or construction of said projects is completed and thereafter, to the extent such interest and income are present, such interest and income shall be deposited to the Interest and Sinking Fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

On or before each Interest Payment Date for the Certificates and while any of the Certificates are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of, redemption premium, if any, and interest on the Certificates as will accrue or mature on the applicable Interest Payment Date, maturity date and, if applicable, on a date of prior redemption.

Section 9.02. Other Representations and Covenants.

(a) The Town will faithfully perform, at all times, any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Certificate; the Town will promptly pay or cause to be paid the principal of, redemption premium, if any, and interest on each Certificate on the dates and at the places and manner prescribed in such Certificate; and the Town will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The Town is duly authorized under the laws of the State of Texas to issue the Certificates; all action on its part for the creation and issuance of the Certificates has been duly and effectively taken; and the Certificates in the hands of the Owners thereof are and will be valid and enforceable obligations of the Town in accordance with their terms.

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

The Town intends that the interest on the Certificates shall be excludable from gross income for federal income taxation pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations promulgated thereunder (the "Regulations"). The Town covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Certificates to be includable in gross income, as defined in Section 61 of the Code of the holders thereof for purposes of federal income taxation. In particular, the Town covenants and agrees to comply with each requirement of Sections 9.03 through 9.10, inclusive; provided, however, that the Town shall not be required to comply with any particular requirement of this Sections 9.03 through 9.10 of the holders thereof for purposes of federal income taxation, if the Town has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or if the Town has received a Counsel's Opinion to the effect that compliance with some other requirement set forth

in this Sections 9.03 through 9.10, inclusive, will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in Sections 9.03 through 9.10, inclusive.

Section 9.04. No Private Use or Payment and No Private Loan Financing.

The Town shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations. The Town covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Certificates will not be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations.

Section 9.05. No Federal Guaranty.

The Town covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations, except as permitted by Section 149(b)(3) of the Code and the Regulations.

Section 9.06. Certificates are not Hedge Certificates.

The Town covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "hedge bonds" within the meaning of Section 149(g) of the Code and the Regulations.

Section 9.07. No-Arbitrage Covenant.

The Town shall certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the Town will reasonably expect that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations. Moreover, the Town covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations.

Section 9.08. Arbitrage Rebate.

If the Town does not qualify for an exception to the requirements of Section 148(f) of the Code, the Town will take all necessary steps to comply with the requirement that certain amounts earned by the Town on the investment of the “gross proceeds” of the Certificates (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Town will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the Town allocable to other issues of the Town or moneys which do not represent gross proceeds of any issues of the Town, (ii) calculate at such times as are required by the Regulations the amount earned from the investment of the gross proceeds of the Certificates which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the Town will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

The Town covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with Section 149(e) of the Code and the Regulations.

Section 9.10. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the Town’s obligations under the covenants and provisions of Sections 9.03 through 9.09, inclusive, shall survive the defeasance and discharge of the Certificates.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement, or obligation of the Town, which default materially and adversely affects the rights of the Owners, including but not limited to their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the Town.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to a trustee or trustees therefor, may proceed against the Town for the purpose of protecting and enforcing the rights of the Owners under this Ordinance by mandamus or other suit, action or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Certificates then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

The Certificates may be defeased, discharged or refunded in any manner permitted by applicable law.

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(i) The Town shall provide annually to the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data with respect to the Town of the general type included in the final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the Town commissions an audit of such statements and the audit is completed within the period during which they must be provided, and (iii) submitted through the EMMA, in an electronic format with accompanying identifying information, as prescribed by the MSRB. If the audit of such financial statements is not complete within such period, then the Town shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable fiscal year to the MSRB. The Town shall provide audited financial statements for the applicable fiscal year to the MSRB when and if audited financial statements become available.

(ii) If the Town changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Town otherwise would be required to provide financial information and operating data pursuant to this Section.

(iii) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific referenced to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The Town shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Certificates:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

(vii) Modifications to rights of holders of the Certificates, if material;

(viii) Certificate calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Certificates, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the Town;¹

(xiii) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

(b) The Town shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the Town to provide required annual financial information and notices of material events in accordance with Sections 12.01 and 12.02. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The Town shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Town remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the Town in any event will

¹ For the purposes of the event identified in (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

give notice of any redemption calls and any defeasances that cause the Town to be no longer an “obligated person.”

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Town undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Town’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Town does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE TOWN BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE TOWN, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(c) No default by the Town in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

(d) Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Town under federal and state securities laws.

(e) The provisions of this Article may be amended by the Town from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Town, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (B) an entity or individual person that is unaffiliated with the Town (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. If the Town so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of financial information or operating data so provide.

ARTICLE XIII

AMENDMENTS

Section 13.01. Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the Town, and shall not be amended or repealed by the Town so long as any Certificate remains outstanding except as permitted in this Section. The Town may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the Town may, with the written consent of the Owners of the Certificates holding a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Certificates, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required to be held by Owners for consent to any such amendment, addition, or rescission.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Changes to Ordinance.

The Mayor and Director of Finance, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of Texas.

Section 14.02. Partial Invalidity.

If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Ordinance.

Section 14.03. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the Town or any person executing any Certificates.

ARTICLE XV

EFFECTIVENESS

Section 15.01. Effectiveness.

This Ordinance shall take effect immediately from and after its passage.

APPROVED AND ADOPTED this February 25, 2014.

Mayor, Town of Addison, Texas

ATTEST:

City Secretary, Town of Addison, Texas

APPROVED AS TO FORM:

By: _____
City Attorney, Town of Addison, Texas

*Signature Page for Ordinance
Series 2014 Combination Tax and Revenue Certificates of Obligation*

EXHIBIT A

DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Town to be provided annually in accordance with such Section are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the Town appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1 through 6, and 8 through 15.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

Combined Meeting

R9

Meeting Date: 02/25/2014

Council Goals: Identify opportunities for improved governance

AGENDA CAPTION:

Discussion, consider and take action regarding a Resolution authorizing the creation of the North Texas Emergency Communications Center, Inc., as a local government corporation, to finance, construct, own, manage and operate a regional public safety communications center for the benefit of the Town and the Cities of Carrollton, Coppell, and Farmers Branch, approving the form of a Certificate of Formation and the form of bylaws for the corporation, appointing Lea Dunn to serve on the corporation's initial board of directors, and providing for related matters.

FINANCIAL IMPACT:

This project is being funded by the Certificates of Obligation sold in 2012 and is within budget.

BACKGROUND:

The Cities of Carrollton, Addison, Coppell and Farmers Branch entered into an *Interlocal Cooperation Agreement Regarding Establishment of the Metrocrest Quad Cities Local Government Corporation* effective January 27, 2014, for the purpose of jointly establishing a Local Government Corporation pursuant to Chapter 431, Texas Transportation Code, to finance, construct, own, manage and operate a regional public safety communications center for the benefit of the Cities.

Pursuant to the inter-local agreement, the city managers of the cities, in conjunction with the city attorneys of the cities, have prepared and now recommend approval of a *Certificate of Formation for the North Texas Emergency Communications Center, Inc.*

Staff seeks approval to authorize the creation of North Texas Emergency Communications Center, Inc., approve the form of Certificate of Formation and Bylaws for the local government corporation, and appoint an initial director.

RECOMMENDATION:

Administration recommends approval.

Attachments

Certification of Formation

TOWN OF ADDISON, TEXAS

RESOLUTION NO. 014-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, AUTHORIZING THE CREATION OF NORTH TEXAS EMERGENCY COMMUNICATIONS CENTER, INC. AS A LOCAL GOVERNMENT CORPORATION; APPROVING THE FORM OF CERTIFICATE OF FORMATION FOR SAID CORPORATION; APPROVING FORM OF BYLAWS FOR SAID CORPORATION; APPOINTING THE CITY MANAGER TO SERVE AS AN INITIAL DIRECTOR OF SAID CORPORATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Carrollton, Town of Addison, City of Coppell and City of Farmers Branch (collectively, "the Cities") entered into that certain *Interlocal Cooperation Agreement Regarding Establishment of the Metrocrest Quad Cities Local Government Corporation* ("the ILA") effective January 27, 2014, for the purpose of jointly establishing a Local Government Corporation pursuant to Chapter 431, Texas Transportation Code, to finance, construct, own, manage and operate a regional public safety communications center for the benefit of the Cities; and

WHEREAS, pursuant to the ILA, the City Managers of the Cities, in conjunction with the city attorneys of the Cities, have prepared and now recommend approval of a *Certificate of Formation of the North Texas Emergency Communications Center, Inc.*; and

WHEREAS, the City Council of the Town of Addison finds it to be in the public interest to authorize the creation of North Texas Emergency Communications Center, Inc., approve the form of Certificate of Formation and Bylaws for said corporation, and appoint an initial director for said corporation;

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

Section 1. The creation of the *North Texas Emergency Communications Center, Inc.* ("the Corporation") as a local government corporation pursuant to Chapter 431 of the Texas Transportation Code is hereby authorized and approved by the Town of Addison.

Section 2. The form of the ***Certificate of Formation of North Texas Emergency Communications Center, Inc.***, ("the Certificate") attached hereto as Exhibit "A" and incorporated herein by reference is hereby approved.

Section 3. The form of the ***Bylaws of the North Texas Emergency Communications Center, Inc.***, attached hereto as Exhibit "B" and incorporated herein

by reference, is hereby approved and is hereby authorized to be adopted by the Board of Directors of the Corporation as the bylaws of the Corporation.

Section 4. Lea Dunn, City Manager, is hereby appointed to serve as the Town's appointee as the initial director to the Board of Directors of the Corporation.

Section 5. This resolution shall take effect immediately from and after its passage, and it is duly resolved.

DULY PASSED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, the ____ day of _____, 2014.

Todd Meier, Mayor

ATTEST:

Matthew McCombs, City Secretary

**CERTIFICATE OF FORMATION
OF
NORTH TEXAS EMERGENCY COMMUNICATIONS CENTER, INC.**

We, the undersigned natural persons, each of whom is at least eighteen (18) years of age or more, and a resident and a qualified voter of the Town of Addison, Texas, City of Carrollton, Texas, City of Coppell, Texas, or the City of Farmers Branch, Texas (collectively, the “Cities” and, each individually, a “City”) and a citizen of the State of Texas, acting as incorporators of a corporation under the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), and Chapter 394, Texas Local Government Code, do hereby adopt the following Certificate of Formation for such corporation:

**ARTICLE I
Corporation Name**

The name of the corporation is the **NORTH TEXAS EMERGENCY COMMUNICATIONS CENTER, INC.** (the “Corporation”).

**ARTICLE II
Nature of Corporation**

The Corporation is a public non-profit corporation.

**ARTICLE III
Duration of Corporation**

The period of duration of the Corporation shall be perpetual.

**ARTICLE IV
Corporate Purpose and Authority**

4.01 The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the Cities in the performance of their governmental functions to promote the common good and general welfare of the Cities, including, without limitation, financing, constructing, owning, managing and operating a regional public safety communications center (the “Facility”) on behalf of the Cities, and to perform such other governmental purposes of the Cities, as may be determined from time to time by the City Councils of the Cities (the “City Councils”). Subject to applicable state law and any contractual obligations of a City or the Corporation, a City or the Cities may discontinue participation in the activities of the Corporation, or a non-participating unit of local government, business, or individuals may join in the activities of the Corporation, under procedures established in the Bylaws of the Corporation (the “Bylaws”).

4.02 The Corporation is formed pursuant to the provisions of the Act as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the Cities and to engage in activities in the furtherance of the purposes for its creation.

Exhibit A to Resolution No. 014-_____

4.03 The Corporation, with the prior written consent of the Cities or as may be provided by the Bylaws, shall have the following powers to carry out the purposes of the Corporation, by and through its Directors:

- A. appoint an Executive Director and employ persons to carry out the purposes of the Corporation;
- B. issue debt or enter into and administer other contractual obligations to carry out the purposes of the Corporation;
- C. own, lease, maintain and dispose of real and personal property; and
- D. contract with other political subdivisions and units of governments.

4.04 The Corporation shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Nonprofit Corporation Law (Tex. Bus. Org. Code, Chapters 20 and 21 and the provisions of Title I thereof to the extent applicable to non-profit corporations, as amended) or their successor.

4.05 The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created; provided, however, that the Corporation shall not issue any bond, certificate, note or other obligation evidenced by an instrument without the prior written consent of each of the Cities or as otherwise allowed by the Bylaws.

4.06 The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (3), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for all purposes, including for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

4.07 References herein to the consent or written consent of a City shall refer to an ordinance, resolution or order of the governing body of the City.

**ARTICLE V
No Members or Shareholders**

The Corporation shall have no members and shall have no stock.

**ARTICLE VI
Board of Directors**

6.01 All powers of the Corporation shall be vested in a Board of Directors consisting of four (4) members (the “Board”) subject to the oversight of the Cities and as otherwise provided in the Bylaws. The Board shall independently manage and operate the Facility in accordance with all applicable laws and documents, including this Certificate, the Bylaws, one or more Operations Agreements (as defined in the Interlocal Cooperation Agreement by and among the Cities effective January 27, 2014 (the “ILA”), and such other documents agreed to by the Cities and as the same may be amended from time to time.

6.02 The initial directors of the Corporation (“Director” or “Directors”) shall be those persons named in Article VIII, below. With respect to the initial Board, the terms of the initial Directors shall commence on the date the Secretary of State has issued the certificate of incorporation for the Corporation. Subsequent Directors shall be appointed to the Board for a term of three (3) years as prescribed herein. Except as set forth in this Certificate or the Bylaws, any Director may be removed from office at any time, with or without cause, by the City responsible for the appointment of that Director.

6.03 The number of Directors shall be four (4), and shall be selected as follows:

A. The Town Council of the Town of Addison shall appoint one (1) Director who shall at all times during the term of office be the Addison City Manager;

B. The City Council of the City of Carrollton shall appoint one (1) Director, who shall at all times during the term of office be the Carrollton City Manager;

C. The City Council of the City of Coppell shall appoint one (1) Director, who shall at all times during the term of office be the Coppell City Manager; and

D. The City Council of the City of Farmers Branch shall appoint one (1) Director, who shall at all times during the term of office be the Farmers Branch City Manager.

6.04 The majority of the Directors must at all times be residents of the Cities.

6.05 Except as set forth in Section 6.02 above, Directors shall serve a term of office of three (3) years, with no limit imposed by this Certificate on the number of terms that a Director may serve.

6.06 Vacancies on the Board that occur before the end of a Director’s term shall be filled in the same manner as appointments made pursuant to Article 6.03.

6.07 The Directors may be removed at any time, with or without cause, by the City appointing such Director.

Exhibit A to Resolution No. 014-_____

6.08 All other matters pertaining to the internal affairs of the Corporation shall be governed by the Bylaws, so long as such Bylaws are not inconsistent with this Certificate of Formation or the laws of the State of Texas.

**ARTICLE VII
Registered Office and Agent**

The street address of the initial registered office of the Corporation is 13000 William Dodson Parkway, Farmers Branch, Texas 75234, and the name of its initial registered agent at such address is Gary D. Greer.

**ARTICLE VIII
Initial Directors**

The names, addresses and terms of office of the four (4) initial Directors are:

NAME	ADDRESS	TERM EXPIRES
Leonard Martin	1945 E. Jackson Road P.O. Box 110535 (75011-0535) Carrollton, Texas 75006	March 31, 2017
Lea Dunn	5300 Belt Line Road Dallas, Texas 75254-7606	March 31, 2017
Gary D. Greer	13000 William Dodson Parkway Farmers Branch, Texas 75234	March 31, 2017
Clay Phillips	255 E. Parkway Boulevard Coppell, Texas 75019	March 31, 2017

**ARTICLE IX
Incorporators**

The names and street addresses of the incorporators, each of whom resides within one of the Cities forming the Corporation are:

NAME	ADDRESS
Leonard Martin	1945 E. Jackson Road P.O. Box 110535 (75011-0535) Carrollton, Texas 75006
_____	_____ Carrollton, Texas 75____

Exhibit A to Resolution No. 014-_____

NAME	ADDRESS
_____	_____
	Carrollton, Texas 75____
Ron Whitehead	3919 Bobbin Addison, Texas 75001
John O'Neal	16300 Ledgemont Lane #2007 Addison, Texas 75001
Jeff Sharp	15800 Spectrum #1404 Addison, Texas 75001
Gary D. Greer	13000 William Dodson Parkway Farmers Branch, Texas 75234
_____	_____
	Farmers Branch, Texas 75234
_____	_____
	Farmers Branch, Texas 75234
Clay Phillips	255 E. Parkway Boulevard Coppell, Texas 75019
_____	_____
	Coppell, Texas 75_____
_____	_____
	Coppell, Texas 75_____

ARTICLE X
Approval of Certificate of Formation by Cities

Resolution No. _____ approving the form and substance of this Certificate of Formation has been adopted by the City Council of the Town of Addison, Texas, on _____, 2014.

Resolution No. _____ approving the form and substance of this Certificate of Formation has been adopted by the City Council of the City of Carrollton, Texas, on _____, 2014.

Resolution No. _____ approving the form and substance of this Certificate of Formation has been adopted by the City Council of the City of Coppell, Texas, on _____, 2014.

Exhibit A to Resolution No. 014-_____

Resolution No. _____ approving the form and substance of Certificate of Formation has been adopted by the City Council of the City of Farmers Branch, Texas, on _____, 2014.

**ARTICLE XI
Director Liability**

No Director shall be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director, except for liability (i) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (ii) for any transaction from which the Director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the Director's office, or (iii) for acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article by the Directors shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences, a Director shall not be liable to the fullest extent permitted by any amendment to the Texas statutes hereafter enacted that further limits the liability of a Director.

**ARTICLE XII
Limits on Use of Corporate Assets; Income of Corporation**

12.01 In accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code (the "Code"), and regardless of any other provisions of this Certificate of Formation or the laws of the State of Texas, the Corporation shall not:

- A. permit any part of the net earnings of the Corporation to inure to the benefit of any private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes);
- B. devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise;
- C. participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of any candidate for public office; and
- D. attempt to influence the outcome of any election for public office or to carry on, directly or indirectly, any voter registration drives.

No part of the Corporation's income shall inure to the benefit of any private interests.

12.02 Notwithstanding Section 431.107 of the Act, entitling the Cities at all times to have the right to equally receive the income earned by the Corporation, any income earned by the Corporation after payment of reasonable expenses, reasonable reserves for future activities, debt, establishment of a capital reserve, and establishment of a reserve for other legal obligations

of the Corporation, shall be retained by the Corporation and applied equitably as a credit to the charges to Cities for the operation and maintenance of the Facility, or distributed to the Cities in an equitable manner to be determined by the Board in accordance with the provisions of the Bylaws of the Corporation.

ARTICLE XIII
Corporation as Private Foundation

If the Corporation is a private foundation within the meaning of Section 509(a) of the Code, the Corporation: (a) shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Code; (b) shall not engage in any act of self-dealing as defined in Section 4941(d) of the Code; (c) shall not retain any excess business holdings as defined in Section 4943(c) of the Code; (d) shall not make any investments in such manner as to subject it to tax under Section 4944 of the Code; and (e) shall not make any taxable expenditures as defined in Section 4945(d) of the Code.

ARTICLE XIV
Dissolution

14.01 If the Board determines by resolution that the purposes for which the Corporation was formed have been substantially met and all bonds or notes issued by and all obligations incurred by the Corporation or on behalf of the Corporation have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Corporation dissolved in accordance with the requirements of Section 394.026 of Texas Local Government Code, or with applicable law then in existence.

14.02 Subject to any restrictions contained in applicable state law, if each of the Cities considers and approves a concurrent resolution or ordinance directing the Board to proceed with the dissolution of the Corporation, the Board shall promptly proceed with the dissolution of the Corporation. The failure of the Board to promptly proceed with the dissolution of the Corporation in accordance with this Section 14.02 shall be deemed a cause for the removal from office of any or all of the Directors as permitted by Article VI of this Certificate of Formation.

14.03 Upon the dissolution of the Corporation:

A. the assets of the Corporation shall be distributed among the Cities in accordance with the percentage of each City's contribution to the purchase of the assets of the Corporation; and

B. any remaining liabilities of the Corporation shall be allocated as follows:

(1) if the liability was incurred for the benefit of fewer than all of the Cities, the liability shall be allocated to those Cities for whom the benefit was incurred based on the agreement of the benefited Cities; and

Exhibit A to Resolution No. 014-_____

(2) if the liability was incurred for the benefit of all of the Cities, the liability shall be based on the percentage of each City's contributions to the purchase of the assets of the Corporation.

Nothing in the Certificate shall prohibit the Cities from agreeing to an allocation of assets and liabilities contrary to this Section 14.03 provided such agreement is not contrary to applicable state law.

**ARTICLE XV
Indemnification of Directors and Officers**

15.01 *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article XV and the Bylaws of the Corporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a Director or officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by the Texas Nonprofit Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article XV shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article XV shall be deemed contract rights, and no amendment, modification or repeal of this Article XV shall have the effect of limiting or denying any such rights with respect to action taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article XV could involve indemnification for negligence or under theories of strict liability.

15.02 *Advance Payment.* The right to indemnification conferred in this Article XV shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 15.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification, provided; however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article XV and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article XV or otherwise.

Exhibit A to Resolution No. 014-_____

15.03 *Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article XV, and the Corporation may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Corporation against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status of such a person to the same extent that it may indemnify and advance expenses to Directors under this Article XV.

15.04 *Appearance as a Witness.* Notwithstanding any other provision of this Article XV, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

15.05 *Non-exclusivity of Rights.* The right to indemnification and the advancement and payment of expenses conferred in this Article XV shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 15.03, above, may have or hereafter acquire under any law (common or statutory), provision of this Certificate of Formation or the Bylaws of the Corporation, agreement, or vote of disinterested Directors or otherwise.

15.06 *Insurance.* The Corporation may purchase and maintain insurance, at its expense to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venture, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article XV.

15.07 *Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article XV shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

15.08 *Savings Clause.* If this Article XV or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article XV as to costs, charges and expenses (including attorneys' fees), judgments, fines and in amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article XV that shall not have been invalidated and to the fullest extent permitted by applicable law.

Exhibit A to Resolution No. 014-_____

**ARTICLE XVI
Amendments**

This Certificate of Formation may not be changed or amended unless approved in writing by each of the Cities.

IN WITNESS WHEREOF, we have hereunto set our hands this _____ day of _____, 2014.

(Incorporator Signatures on Following Pages)

TOWN OF ADDISON INCORPORATORS

Ron Whitehead

John O'Neal

Jeff Sharp

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, a notary public, on this _____ day of _____, 2014, appeared **Ron Whitehead, John O'Neal, and Jeff Sharp**, known to me to be the persons whose names are subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Notary Public, State of Texas

CITY OF CARROLLTON INCORPORATORS

Leonard Martin

STATE OF TEXAS §

§

COUNTY OF DALLAS §

Before me, a notary public, on this ____ day of _____, 2014, appeared **Leonard Martin**, _____, and _____, known to me to be the persons whose names are subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Notary Public, State of Texas

**CITY OF FARMERS BRANCH
INCORPORATORS**

Gary D. Greer

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, a notary public, on this _____ day of _____, 2014, appeared **Gary D. Greer**, _____, and _____, known to me to be the persons whose names are subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Notary Public, State of Texas

CITY OF COPPELL INCORPORATORS

Clay Phillips

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, a notary public, on this ____ day of _____, 2014, appeared **Clay Phillips**, _____, and _____, known to me to be the persons whose names are subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Notary Public, State of Texas

**BYLAWS OF THE
NORTH TEXAS EMERGENCY COMMUNICATIONS CENTER, INC.**

A Texas Non-Profit Local Government Corporation created by and on behalf of the Town of Addison, City of Carrollton, City of Coppell, and City of Farmers Branch, Texas

**ARTICLE I
Corporate Purpose and Authority**

1.01 *Purpose.* The Corporation is organized for the purpose of aiding, assisting, and acting on behalf of the Town of Addison, the City of Carrollton, Texas, Texas, the City of Coppell, Texas, and the City of Farmers Branch, Texas (collectively “the Cities” and each a “City”) in the performance of their governmental functions to promote the common good and general welfare of the Cities, without limitation, financing, constructing, owning, managing and operating a regional public safety communications center (the “Facility”) on behalf of the Cities. Subject to applicable state law and any contractual obligations of a City or the Corporation, a City or the Cities may discontinue participation in the activities of the Corporation, or a non-participating unit of local government, business, or individuals may join in the activities of the Corporation, under procedures established in these Bylaws of the Corporation (the “Bylaws”). The Corporation, with the prior written consent of the Cities or as may be provided by the Bylaws, shall have the following powers to carry out the purposes of the Corporation, by and through its Directors:

- A. appoint an Executive Director and employ persons to carry out the purposes of the Corporation;
- B. issue debt or enter into and administer other contractual obligations to carry out the purposes of the Corporation;
- C. own, lease, maintain and dispose of real and personal property; and
- D. contract with other cities, political subdivisions, units of governments, and other persons and non-governmental entities.

1.02 *Local Government Corporation.* The Corporation is formed pursuant to the provisions of Subchapter D of Chapter 431, Texas Transportation Code (the “Act”), as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Corporation to assist and act on behalf of the Cities and to engage in activities in the furtherance of the purposes for its creation.

1.03 *Non-Profit Corporation.* The Corporation shall have and exercise all of the rights, powers, privileges, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, the Texas Nonprofit Corporation Law (Tex. Bus. Org. Code, Chapters 20 and 21 and the provisions of Title I thereof to the extent applicable to non-profit corporations, as amended) or their successor.

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1.04 *Powers of Non-Profit Corporation.* The Corporation shall have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in Texas and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created; provided, however, that the Corporation shall not issue any bond, certificate, note or other obligation evidenced by an instrument without the prior written consent of each of the Cities or as otherwise allowed by these Bylaws.

1.05 *Governmental Entity for Immunity.* The Corporation is created as a local government corporation pursuant to the Act and shall be a governmental unit within the meaning of Subdivision (3), Section 101.001, Texas Civil Practice and Remedies Code. The operations of the Corporation are governmental and not proprietary functions for all purposes, including for purposes of the Texas Tort Claims Act, Section 101.001, et seq., Texas Civil Practice and Remedies Code. The Corporation shall have the power to acquire land in accordance with the Act as amended from time to time.

1.06 *City Consent.* References herein to the consent or written consent of a City shall refer to an ordinance, resolution or order of the governing body of the City.

1.07 *Other Units of Government.* The Corporation may contract with a non-member unit of government to provide services on behalf of such non-member unit of government.

1.08 *Approved Projects.* The Corporation, by and through its Board of Directors, may approve capital improvements, services, or other projects consistent with the purposes of the Corporation to assist the Cities in the performance of their governmental functions (each an “Approved Project”). Each City shall have the right to elect not to participate in any Approved Project and such City shall not be responsible for funding such Approved Project through any required contribution agreement.

**ARTICLE II
Board of Directors**

2.01 *Powers Vested in Board.* All powers of the Corporation shall be vested in a Board of Directors consisting of four (4) members (the “Board”) subject to the oversight of the Cities and as otherwise provided in these Bylaws. The qualification, selection, terms, removal, replacement, and resignation of the members of the Board of Directors of the Corporation (“Director” or “Directors”) shall be governed by Article VI of the Certificate of Formation (“Certificate”).

2.02 *Initial Board and Transition.* The initial directors of the Corporation (“Director” or “Directors”) shall be those persons named in Article VIII of the Certificate. To provide for terms which end at the end of a calendar month, each initial Director named in Article VIII of the Certificate shall serve for the term prescribed therein. With respect to the initial Board, the terms of the initial Directors shall commence on the date the Secretary of State has issued the certificate of incorporation for the Corporation. Upon the expiration of the terms of office of the

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initial Directors, the subsequent Directors shall be appointed for a three (3) year term, or until his or her successor is appointed by the entity authorized to appoint the Director; provided, however, upon the death, resignation or removal of a Director, the entity responsible for that Director's appointment shall appoint a replacement Director to serve for the unexpired term of office of the replaced Director.

2.03 *Governing Documents.* All other matters pertaining to the internal affairs of the Corporation shall be governed by these Bylaws, so long as these Bylaws are not inconsistent with the Certificate, and such other documents agreed to by the Cities and as the same may be amended from time to time, or the laws of the State of Texas.

2.04 *Voting Rights.* All Directors shall have full and equal voting rights. All references herein to an act, resolution or vote of the Directors shall refer to a vote of the Directors entitled to vote on the matter as provided herein.

2.05 *Meetings of Directors.* The Directors may hold their meetings and may have an office and keep the books of the Corporation at such place or places within Dallas County, Texas, as the Board may from time to time determine; provided, however, in the absence of any such determination, such place shall be the registered office of the Corporation in the State of Texas. The Board shall meet in accordance with and file notice of each meeting of the Board for the same length of time and in the same manner and location as is required under Chapter 551, Texas Government Code (the "Open Meetings Act"); provided that the notice of each meeting of the Board shall be posted on the official bulletin board designated by the Cities for the posting of meetings of the Cities' respective City Councils. The Corporation, the Board, and any committee of the Board exercising the powers of the Board are subject to Chapter 552, Texas Government Code (the "Public Information Act").

2.06 *Annual Meetings.* The annual meeting of the Board shall be held at the time and at the location in Dallas County, Texas, designated by the resolution of the Board for the purposes of transacting such business as may be brought before the meeting.

2.07 *Regular Meetings.* Regular meetings of the Board shall be held at least quarterly at such times and places as shall be designated, from time to time, by resolution of the Board.

2.08 *Special and Emergency Meetings.* Special and emergency meetings of the Board shall be held whenever called by the President of the Board or the Secretary of the Board or by any two (2) of the Directors who are serving duly appointed terms of office at the time the meeting is called. A majority of the Board must be present for any special called or emergency meeting. The Secretary shall give notice of each special meeting in person, by telephone, facsimile, mail or email at least three (3) days before the meeting to each Director and to the public in compliance with the Open Meetings Act. Notice of each emergency meeting shall also be given in the manner required under the Open Meetings Act. An emergency meeting may only be held when there is an emergency or an urgent public necessity exists and immediate action is required of the Board because of an imminent threat to public health and safety, or a reasonably unforeseeable situation. The agenda notice of the emergency meeting must be posted at least two (2) hours before the meeting and clearly identify the emergency or urgent public necessity.

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The President, or the Board member who calls an emergency meeting must notify by telephone, facsimile transmission, or electronic mail not later than one hour before the meeting those members of the news media that have previously filed at the Corporation a request containing all pertinent information for the special notice and has agreed to reimburse the Board for the cost of providing the special notice. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Corporation may be considered and acted upon at a special meeting to the same extent as they may be considered and acted upon in a regular meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Corporation may be considered and acted upon to the extent allowed by the Open Meetings Act.

2.09 *Quorum.* A majority of the entire Board (three (3) Directors) shall constitute a quorum for the consideration of matters pertaining to the purposes of the Corporation. If at any meeting of the Board there is less than a quorum present, those present may adjourn the meeting. The vote of a majority of the entire membership of the Board in favor of a motion, resolution, or other act shall be required to constitute the act of the Board, unless the vote of a greater number of Directors is required by law, by the Certificate of Formation, or by these Bylaws.

2.10 *Assent Presumed Without Express Abstention or Dissent.* A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless such person's dissent or abstention shall be entered in the minutes of the meeting or unless such person shall file written dissent or abstention to such action with the person acting as the secretary of the meeting before the adjournment thereof. Such right to dissent or abstain shall not apply to a Director who voted in favor of the action.

2.11 *Conduct of Business.* At the meetings of the Board, matters pertaining to the purpose of the Corporation shall be considered in such order as the Board may from time to time determine. At all meetings of the Board, the President shall preside, and in the absence of the President, the Vice President shall preside. The Secretary of the Corporation shall act as secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as secretary of the meeting.

2.12 *Executive Committee, Other Committees.* The Board may, by resolution passed by a majority of the entire Board, designate two (2) or more Directors to constitute an executive committee or other type of committee. In addition, the Board may appoint members of Corporation staff and citizens and/or employees of the Cities to be members of a committee, except for an Audit, Compensation or Governance Committee, which committees may only be composed of Directors.

2.13 *Power of Committees.* Except to the extent provided in the authorizing resolution for the committee and the Board-approved committee charter, a committee may not exercise the authority of the Board. Each committee so designated shall keep regular minutes of the transactions of its meetings, shall cause such minutes to be recorded in books kept for that purpose in the office of the Corporation, and shall report the same to the Board from time to time. Committees authorized to exercise the powers of the Board shall give notice of any meeting in the manner required for a meeting of the Board.

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2.14 *Compensation of Directors.* Directors, as such, shall receive no salary or compensation for their services as Directors; provided, however, Directors may be reimbursed for reasonable and necessary expenses incurred in carrying out the Corporation's purposes.

2.15 *Operations Advisory Committee.*

(a) Creation and Membership. The Operations Advisory Committee ("OAC") is created to serve in an advisory capacity to the Board of Directors. The OAC shall be composed of the chief or his/her designee from each police department and fire department of each City. In addition, the Executive Director shall be an ex-officio non-voting member of the OAC with the right to receive notice of, attend, and participate in discussions and deliberations of all meetings of the OAC.

(b) Committee Representatives. People serving on the OAC are referred to as Representatives and shall serve without compensation from the Corporation.

(c) Alternates. Representatives to the OAC may designate one alternate to serve when such Representative is absent or unable to serve provided that such alternates must have operational responsibilities within their respective agencies.

(d) Powers. The OAC shall meet for the purpose of promoting interdisciplinary and interagency collaboration and cooperation, information sharing, development and recommend to the Board for approval Corporation operational policies and practices relating to the use of the Facility for public safety communications, and such other matters as the Board may direct. The OAC shall provide advice, information, and recommendations to both the Board and the Executive Director.

(e) Quorum. A majority of the members of the OAC (or their alternates) shall constitute a quorum. Representatives may participate and be considered present in meetings by telephone conference or other comparable means.

(f) Voting. All actions and recommendations of the OAC shall be approved by majority vote of those present and voting. Each person serving on the OAC shall have one vote.

(g) Officers. The OAC shall have two officers, a Chair and Vice-Chair. It will be the function of the Chair to preside at the meetings of the OAC, and the Vice-Chair shall assume this role in absence of the Chair. The officers shall be initially elected at the first meeting of the OAC by majority vote of the Representatives on the OAC and shall serve until the completion of the end of the first full fiscal year of the Corporation. Annually thereafter, the Vice Chair shall assume the role of Chair and the OAC shall elect a new Vice-Chair. In the event of a vacancy in the Chair position, the Vice-Chair shall assume the Chair for the balance of the term of the departed Chair. In the event of a vacancy in the Vice-Chair position, the OAC shall elect a new Vice-Chair to serve to the balance of the term of the departed Vice-Chair. An officer of the OAC elected to fill the unexpired term of his or her predecessor shall not be precluded from serving a full annual term of office following the end of such unexpired term.

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(h) Staffing. The Corporation, through the Executive Director, shall provide such clerical and staffing support to the OAC as the Executive Director deems reasonable and necessary to allow the OAC to perform its purposes or as otherwise determined by the Board.

(i) Meetings. The OAC shall meet monthly at a time and place designated by the Chair of the OAC or by a majority of its Representatives. Not less than seven (7) days advance notice of regular meetings shall be given, provided, however, it shall not be necessary to provide advance notice of a regular meeting of the OAC if the OAC adopts a regular day and time each month on which to hold its regular meetings. Special meetings may be called by the Chair of the OAC or Representatives representing at least one-third of the total seats on the OAC and upon giving all other Representatives not less than five (5) days prior notice of such meeting. In an emergency, the OAC may dispense written notice requirements for special meetings, but must, in good faith, implement best efforts to provide fair and reasonable notice to all Representatives.

2.16 *Director's Reliance on Consultant Information*. A Director shall not be liable if, while acting in good faith and with ordinary care, such person relies on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation;
- (b) an employee of a City;
- (c) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or,
- (d) a committee (including the OAC) of the Board of which the Director is not a member.

2.17 *Executive Director*. The Board is authorized to hire an Executive Director who shall serve at the pleasure of the Board. The Executive Director shall be the chief executive officer of the Corporation and shall have the duties and powers as set forth in Article VI of these Bylaws. The Board shall establish the compensation, and may establish duties and responsibilities of the Executive Director in addition to those prescribed by Article VI of these Bylaws. The hiring and/or removal of the Executive Director shall be by a majority vote of the entire Board.

2.18 *Attorneys and Consultants*. The Board may employ attorneys, auditors, certified accountants engineers, and such other professionals and consultants as may be required for the purposes of the Corporation from time to time.

**ARTICLE III
Officers**

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3.01 *Titles and Term of Office.* The officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. Each officer shall be a current Director. One person may hold more than one office, except the President shall not hold the office of Secretary. The term of office for each officer shall be one (1) year and shall serve from October 1 through the following September 30, except that such office shall terminate on the earlier of: (a) the date that the officer is replaced by the Board; or (b) the date that the officer is no longer a member of the Board.

All officers shall be appointed and subject to removal at anytime, with or without cause, by a vote of a majority of the entire Board.

A vacancy in any office elected pursuant to this Article III shall be filled by a vote of a majority of the entire Board.

3.02 *Powers and Duties of the President.* The President shall be a member of the Board and shall preside at all meetings of the Board. Such person shall have such duties as are assigned by the Board. The President may call special or emergency meetings of the Board. Any special or emergency called meeting shall be called and conducted in accordance with Section 2.08 of these Bylaws. In furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate, the President or Vice President may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Corporation. The President shall be an ex-officio member of all committees.

3.03 *Powers and Duties of the Vice President.* A Vice President shall be a member of the Board and shall have such powers and duties as may be assigned to such person by the Board or the President, including the performance of the duties of the President upon the death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of such office. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

3.04 *Treasurer.* The Treasurer shall have custody of all the funds and securities of the Corporation which come into possession of the Corporation. When necessary or proper, the Treasurer (i) may endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; (ii) may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such other officer as is designated by the Board; (iii) shall enter or cause to be entered regularly in the books of the Corporation to be kept by such person for that purpose full and accurate accounts of all moneys received and paid out on account of the Corporation; (iv) shall perform all acts incident to the position of Treasurer subject to the control of the Board; including the monitoring and audit of all cash accounts whose existence must first be approved by the Board; and (v) shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require. The Corporation may contract with one or more of the Cities to

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provide financial services for the Corporation in deciding the performance of the duties of the Treasurer set forth in this Section 3.04.

3.05 *Secretary.* The Secretary (i) shall keep the minutes of all meetings of the Board in books provided for that purpose; (ii) shall attend to the giving and serving of all notices; (iii) in furtherance of the purposes of the Corporation and subject to the limitations contained in the Certificate of Formation, may sign with the President in the name of the Corporation and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation; (iv) shall have charge of the Corporation's books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Corporation during business hours; and, (v) shall in general perform all duties incident to the office of Secretary subject to the control of the Board. Nothing in this Section 3.05 shall be construed as prohibiting the Board or the Executive Director from providing to the Secretary such support as may be reasonable and necessary to assist the Secretary in carrying out the duties set forth herein.

3.06. *Compensation.* Officers shall serve without compensation for their duties, but are entitled to receive reimbursement for their reasonable expenses only in performing their functions in accordance with any policies that may be adopted by the Board.

3.07 *Officer's Reliance on Consultant Information.* In the discharge of a duty imposed or power conferred on an officer of the Corporation, the officer may in good faith and with ordinary care rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by:

- (a) one or more other officers or employees of the Corporation, including members of the Board;
- (b) legal counsel, public accountants, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or,
- (c) an employee of one of the Cities.

**ARTICLE IV
Financial Responsibilities**

4.01 *Audit.* Not later than one hundred twenty (120) days after the close of each fiscal year, the Board shall have an annual audit prepared by an independent auditor who is duly licensed or certified as a public accountant in the State of Texas of the financial books and records of the Corporation. The Corporation shall provide a copy of the completed audit to each City not later than fifteen (15) days after its receipt by the Corporation.

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4.02 *Capital Spending Authority:* The Board may expend funds for capital improvements in accordance with a capital improvement plan approved by the Board for the current fiscal year budget as follows:

(a) Funds from the Cities shall be used for the purposes of the Corporation as authorized and directed by the Cities.

(b) Funds from other sources, such as donations, may be used at the discretion of the Board for capital purposes as long as the uses are consistent with the direction of the Cities and are not reasonably expected by the Board to increase the operation and maintenance costs of the Corporation above the limits established in Section 4.04, below, or have a capital cost greater than \$100,000.

(c) Proceeds of bonds, notes and other obligations shall be expended in accordance with the terms of the resolution authorizing the issuance of such bonds, notes or other obligations.

4.03 *Issuance of Debt.*

(a) The Corporation, with the approval of the Cities, is authorized to issue short-term debt in the form of bonds, notes, and other obligations which by their terms mature and are payable not later than one (1) year from their initial date of issuance. Where possible, the amount and purpose of the short term debt shall be projected by the Corporation in its annual budget to the Cities. Cities shall be given the first opportunity to provide these funds before the Board incurs debt.

(b) The Corporation, with the approval of the Cities, is authorized to issue long-term debt in the form of bonds, notes, and other obligations which by their terms mature and are payable beyond one (1) year from their initial date of issuance. Long term debt may be issued to finance capital improvements and costs related thereto, and to refund or refinance any outstanding bonds, notes, or obligations issued or incurred by the Corporation, or for such other reasons as may be approved by the Cities.

(c) Short-term debt as defined in Subsection (a) and long-term debt as defined in Subsection (b) of this Section 4.03 may be issued only if:

(i) the issuance of said debt is approved by a majority of the entire Board; and

(ii) the issuance of said debt is approved by resolution or ordinance of the Cities.

(d) Any debt issuance approved by the Cities shall be paid from any source or sources permitted by law including the income and revenue of the Corporation.

4.04 *Increase of O&M Costs.* Except for items mandated by changes in state or federal law or regulation that could not reasonably have been anticipated prior to submission of the Corporation's annual budget to the Cities for review and comment, in the event any one or more

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items are added during a fiscal year that would increase or cause the annual operation and maintenance costs to exceed ten percent (10%) above the budgeted amount for that year, the Board must receive prior approval from the Cities prior to making that addition. Failure of a City to reject, to ask for additional information regarding, or to request modification of, the request on or before the thirtieth (30th) day after submission of the request to the City shall be deemed an approval of the request by that City (and a request for additional information or for modification may be provided by an employee of a City).

4.05 *Fiscal Year.* The fiscal year of the Corporation shall begin October 1 of each year.

4.06 *Annual Budget.*

(a) No later than ninety (90) days prior to the beginning of each fiscal year, the Board or the Executive Director (if the Corporation has employed an Executive Director) shall prepare, or cause to be prepared, and approve a budget (the "Budget") for the fiscal year. The Budget must be approved by a majority vote of the entire Board. After approval by the Board, the Budget shall be submitted to each City for approval. Failure of a City to reject, to ask for additional information regarding, or to request modification of, the Budget approved by the Board on or before the thirtieth (30th) day after submission of the Budget to the City shall be deemed an approval of the Budget by that City (and a request for additional information or for modification may be provided by an employee of a City).

(b) The Budget shall, at a minimum, include capital, operational, debt service and project-specific expenditures and corresponding revenues. The Budget shall clearly indicate the sources and purposes of revenues contributed by a City or a non-participating unit of government.

(c) If the Board fails to approve the Budget, or if the Budget is not approved by each City, then the Budget for the prior fiscal year shall be deemed approved.

(d) From time to time, the Board may undertake one or more projects related to the purposes of the Corporation requiring the expenditure of funds not approved in the Annual Budget with the approval of a quorum of the Board of Directors. While the Board may elect to amend the Annual Budget for a particular project(s) related to the purposes of the Corporation, such expenditures may not be undertaken in that regard unless or until an agreement with a City or the non-member unit of government is executed with the Corporation, which shall contain at least the following:

- (i) the service(s) to be provided by the Corporation;
- (ii) the method by which the Corporation intends to provide the service(s) (i.e., the Corporation intends to contract with a private entity or perform the service(s) itself, or some blending of the various methods);
- (iii) the total cost of the project(s) to be undertaken by the Corporation;

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(iv) written agreement by the member and/or participating Cities to contribute an agreed-upon portion of the stated project expenditures, along with the agreed-upon portion being contributed by other member and/or participating Cities; and

(v) unless otherwise agreed by the Cities in the respective Interlocal Cooperation Agreement, the share of the project expenditures will be evenly distributed on a pro-rata population basis based on the most recent Decennial Census.

(e) A City not required to financially contribute or participate in any particular project for which an annual budget amendment occurs, can “opt-in” or “opt-out” of any particular project approved by the Board of Directors and the Cities.

4.07 *Line Item Flexibility.* The Executive Director has the authority to shift operation and maintenance funds from one line item of the Budget to another without the approval of the Board or the Cities. The Board, by a vote of at least three-fourths of the members of the entire Board, has the authority to shift operation and maintenance funds from one line item of the Budget to another without the approval of the Cities.

4.08 *Reserve Fund.* The Budget shall provide for one or more reserve funds for the replacement of scheduled assets, for capital improvements and reasonable reserves for future activities, debt, establishment of a capital reserve. Any unencumbered funds remaining at the end of the fiscal year shall be converted to the Reserve Fund.

4.09 *Other Funds.* Other funds, such as unrestricted charitable donations, may be used by the Board in accordance with the approved budget or, if not anticipated in the Budget, as the Board directs, provided that the limitation set out in Section 4.04, above or a capital cost of \$100,000 is not exceeded.

4.10 *Appropriations and Grants.* The Corporation shall have the power to request and accept any appropriations, grant, contribution, donation, or other form of aid from the federal government, the State, any political subdivision, or municipality in the State, or from any other source.

4.11 *Sale or Transfer of Assets.* The Corporation may not sell, transfer or assign real property or permits of the Corporation, in whole or in part, without the approval of the Board. After approval by the Board, the proposed sale, transfer or assignment of the assets (“the Asset Transfer”) must be submitted to each City for approval. The Cities will approve or disapprove the Asset Transfer in whole or in part. Failure of the Cities to reject the Asset Transfer approved by the Board on or before the thirtieth (30th) day after submission to the Cities of the proposed Asset Transfer shall be deemed an approval of the Asset Transfer. Notwithstanding the foregoing, the Board shall not be required to obtain the consent of the Cities to sell, convey, or transfer to a third party personal property of the Corporation determined by the Board to be surplus and which has a depreciated unit value of less than \$1000.00 per unit.

**ARTICLE V
Indemnification of Directors and Officers**

5.01 *Right to Indemnification.* Subject to the limitations and conditions as provided in this Article V and the Certificate, each person who was or is made a party, is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a “proceeding”), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Corporation shall be indemnified by the Corporation to the fullest extent permitted by the Texas Nonprofit Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlement and reasonable expenses (including, without limitation, attorneys’ fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article V shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnify hereunder. The rights granted pursuant to this Article V shall be deemed contract rights, and no amendment, modification or repeal of this Article V shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article V could involve indemnification for negligence or under theories of strict liability.

5.02 *Advance Payment.* The right to indemnification conferred in this Article V shall include the right to be paid in advance or reimbursed by the Corporation the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 5.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person’s ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article V and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article V or otherwise.

5.03 *Indemnification of Employees and Agents.* The Corporation, by adoption of a resolution of the Board, may indemnify and advance expenses to an employee or agent of the Corporation to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article V; .

5.04 *Appearance as a Witness.* Notwithstanding any other provision of this Article V, the Corporation may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding involving the

Exhibit B to Resolution No. 014-

Corporation or its business at a time when he or she is not a named defendant or respondent in the proceeding.

5.05 *Non-exclusivity of Rights.* The right to indemnification and the advancement and payment of expenses conferred in this Article V shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 5.03 of this Article V may have or hereafter acquire under any law (common or statutory), provision of the Certificate or these Bylaws, agreement or disinterested Directors or otherwise.

5.06 *Insurance.* The Corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under this Article V.

5.07 *Notification.* Any indemnification of or advance of expenses to a Director or officer in accordance with this Article V shall be reported in writing to the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the ninety (90) day period immediately following the date of the indemnification or advance notification.

5.08 *Savings Clause.* If this Article V or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article V as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article V that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE VI
Executive Director; Employees

6.01 *Powers and Duties of the Executive Director.*

(a) *Chief Executive.* The Executive Director shall be the chief executive officer of the Corporation and, subject to the control of the Board, shall be in general charge of the properties and affairs of the Corporation. The Executive Director has management and control of the properties and operations of the Corporation, including the powers of a general manager. The Executive Director shall be an ex-officio of all Board committees, except the Audit Committee. The Executive Director will be responsible for implementing all orders and resolutions of the Board, and all other powers that are not specifically reserved to the Directors or Cities will be executed by the Executive Director within the general guidelines and policies of the Board and Cities.

Exhibit B to Resolution No. 014-_____

(b) *Responsible for hiring and supervision of Employees.* The Executive Director shall be responsible for hiring and terminating the employees of the Corporation. All employees hired by the Executive Director shall be terminable at-will and not be provided any term or promise of employment.

(c) *Spending Authority.* The Executive Director is authorized to approve expenditures, make purchases, and enter into contracts on behalf of the Corporation which require an expenditure not to exceed \$50,000 without Board approval as long as funds are budgeted and are available for the expenditure.

(d) *Annual Budget.* The Executive Director is responsible for the preparation of the Corporation's annual budget.

(e) *Annual Business Plan.* The Executive Director shall prepare a Corporation business plan (the "Business Plan") on an annual basis for review and approval by the Board. The Business Plan shall include such items and matters required by the Board and, at a minimum, shall include the following: (i) performance measures and benchmarks; and (ii) possible future activities.

6.02 *Corporation Employees.*

(a) The Executive Director shall be a full time employment position of the Corporation, except that the Board may contract with a person or entity as an independent contractor to serve as an Executive Director.

(b) The Corporation may contract with any one or more of the Cities for utilization of employees of such City. The Corporation may, without compensation, use the services of employees of a City with the prior written consent of the applicable City Manager. The Board is authorized to employ or contract for project-specific personnel to manage or operate a service provided by the Corporation.

**ARTICLE VII
Code of Ethics**

7.01 *Policy and Purposes.*

(a) It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

Exhibit B to Resolution No. 014-

(b) This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

7.02 *Conflicts of Interest*

(a) *Abide by State and Criminal Laws for Public Officers.* All Directors, Officers and employees shall abide by the state civil and criminal laws regarding conflict of interest, official misconduct and other regulations and restrictions involving their official duties.

(b) *Disclosure and Abstention.* It is the intent of these Bylaws that the Directors, Executive Director and Officers shall take all steps to avoid the appearance of impropriety in the conduct of their affairs on behalf of the Corporation. This includes not engaging in any conduct or business that may be deemed to compromise their independent judgment in executing their duties as Corporation officials. In the event that a Director, officer, or the Executive Director has any financial or equitable interest, direct or indirect, in a transaction that comes before the Board, or a committee or the Executive Director, the affected Director or officer, must:

- (i) disclose that interest in writing and file it with the Board Secretary; and,
- (ii) refrain from discussing or voting on the same.

(c) *Restrictions on Executive Director.* The Executive Director is precluded from having any financial or equitable interest in any contract, service (other than such person's employment) or acquisition that is subject to such person's approval or that the subordinates of the Executive Director may approve or monitor.

(d) *Definition of Financial Interest/Relative.* The "financial or equitable interest" contemplated under (b) and (c) of this Section requires that the affected person who is the Director, Officer, or Executive Director or their relative receive an actual financial benefit from the transaction with the Corporation. A relative is a person related within the first degree of consanguinity or affinity to the Director, Officer, or Executive Director. A financial or equitable interest does not include the following:

- (i) An ownership in the entity transacting business with the Corporation where the ownership interest is less than one percent (1%).
- (ii) Compensation as an employee, officer or director of the entity transacting business with the Corporation where such compensation is not affected by the entity's transaction with the Corporation.
- (iii) An investment or ownership in a publicly held company in an amount less than TEN THOUSAND DOLLARS (\$10,000.00).

Exhibit B to Resolution No. 014-

(iv) The status of the person being an employee of a public entity serving as a Director on the Board.

7.03 *Acceptance of Gifts.* No Director or Officer, nor the Executive Director, shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or Officer, nor the Executive Director, shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or Officer's, or the Executive Director's, discretion. As used here, "benefit" does not include:

(a) a fee prescribed by law to be received by a Director or officer or Executive Director or any other benefit to which the Director or officer or Executive Director is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer or Executive Director;

(b) a gift or other benefit conferred on an account of kinship or a personal, professional, or business relationship independent of the official status of the Director or Officer or Executive Director;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

(1) not more than one honorarium is received from the same person in a calendar year;

(2) not more than one honorarium is received for the same service; and

(3) the value of the honorarium does not exceed \$250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or Officer or Executive Director in performance of the services.

(d) A benefit consisting of food, lodging, transportation, or entertainment accepted as a guest is reported as may be required by law.

7.04 *Nepotism.* No Director or Officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity or within the third degree of consanguinity to the Director or Officer so appointing, voting or confirming, or to any other Director or Officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship employment or duty at least thirty (30) days prior to the appointment of the Director or Officer so appointing or voting.

**ARTICLE VIII
Miscellaneous Provisions**

8.01 *Seal.* The seal of the Corporation shall be such as may be from time to time approved by the Board. The seal of the Corporation shall not be required to be placed on a document in order for the document to be considered a valid act or agreement of the Corporation.

8.02 *Notice and Waiver of Notice.* Whenever any notice, other than public notice of a meeting given to comply with the Open Meetings Act, is required to be given under the provisions of these Bylaws, such notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his or her post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. If transmitted by facsimile or email, such notice shall be deemed to be delivered upon successful transmission of the facsimile or email. A Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting unless such attendance is for the purpose of objecting to the failure of notice. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

8.03 *Gender.* References herein to the masculine gender shall also refer to the feminine in all appropriate cases and vice versa.

8.04 *Distribution of Net Income; Return of Funds.* Notwithstanding Section 431.107 of the Act entitling the Cities at all times to have the right to equally receive the income earned by the Corporation, any income earned by the Corporation after payment of reasonable expenses, reasonable reserves for future activities, debt, establishment of a capital reserve, and establishment of a reserve for satisfaction of other legal obligations of the Corporation shall be retained by the Corporation and applied equitably as a credit to the charges to Cities for operations of the Facility and/or other services provided by the Corporation to the Cities.

8.05 *City Access to Records of Corporation.* Notwithstanding the provisions of the Public Information Act or any exceptions contained therein to disclosure and the rights or limitations thereof regarding the review of records of Texas non-profit corporations, the Cities shall have a special right to review and obtain copies of the records of the Corporation, regardless of format, upon reasonable notice and during regular business hours of the Corporation; provided, however, such special right of access to the Cities shall not apply to records to which law or regulation expressly prohibit disclosure to third parties that would by definition include the Cities.

8.06 *Amendments.* A proposal to alter, amend or repeal these Bylaws shall be made by the affirmative vote of a majority of the entire Board at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. However, any proposed change or amendment to the Bylaws must be approved by resolution of each City to be effective.

Combined Meeting

R10

Meeting Date: 02/25/2014

Council Goals: Enhance Public Safety

AGENDA CAPTION:

Presentation and discussion regarding the Town of Addison 2013 Racial Profiling report.

FINANCIAL IMPACT:

N/A

BACKGROUND:

Article 2.132 (7) of the Texas Code of Criminal Procedure requires the annual reporting to the local governing body of data collected on the race or ethnicity of individuals stopped and issued citations or arrested for traffic violations and whether or not those individuals were searched. The department submitted its data to the University of North Texas, Professional Development Institute, for analysis and review to assist the City Council in reviewing the data. The report presented verifies the Addison Police Department is in full compliance with all rules and regulations pertaining to racial profiling prevention, data collection and reporting.

RECOMMENDATION:

Attachments

2013 Racial Profiling Report



ADDISON POLICE DEPARTMENT

2013

RACIAL PROFILING ANALYSIS

PREPARED BY:

Eric J. Fritsch, Ph.D.
Chad R. Trulson, Ph.D.

Executive Summary

Article 2.132 (7) of the Texas Code of Criminal Procedure requires the annual reporting to the local governing body of data collected on the race or ethnicity of individuals stopped and issued citations or arrested for traffic violations and whether or not those individuals were searched. Since the law provides no clear instruction to a governing body on how to review such data, the Addison Police Department requested this analysis and review to assist the City Council in reviewing the data.

The analysis of material and data from the Addison Police Department revealed the following:

- **A COMPREHENSIVE REVIEW OF THE ADDISON POLICE DEPARTMENT REGULATIONS, SPECIFICALLY DEPARTMENTAL POLICY TBBP: 2.01.1 Sections 326-334 OUTLINING THE DEPARTMENT'S POLICY CONCERNING RACIAL PROFILING, SHOWS THAT THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH ARTICLE 2.132 OF THE TEXAS CODE OF CRIMINAL PROCEDURE.**
- **A REVIEW OF THE INFORMATION PRESENTED AND SUPPORTING DOCUMENTATION REVEALS THAT THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH TEXAS LAW ON TRAINING AND EDUCATION REGARDING RACIAL PROFILING.**
- **A REVIEW OF THE DOCUMENTATION PRODUCED BY THE DEPARTMENT IN BOTH PRINT AND ELECTRONIC FORM REVEALS THAT THE DEPARTMENT IS FULLY IN COMPLIANCE WITH APPLICABLE TEXAS LAW ON THE RACIAL PROFILING COMPLAINT PROCESS AND PUBLIC EDUCATION ABOUT THE COMPLAINT PROCESS.**
- **ANALYSIS OF THE DATA REVEALS THAT THE DEPARTMENT IS IN COMPLIANCE WITH APPLICABLE TEXAS LAW ON THE COLLECTION OF RACIAL PROFILING DATA.**
- **THE ANALYSIS OF STATISTICAL INFORMATION FROM ADDISON POLICE DEPARTMENT REVEALS THAT THERE ARE NO METHODOLOGICALLY CONCLUSIVE INDICATIONS OF SYSTEMIC RACIAL PROFILING BY THE DEPARTMENT.**
- **THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH APPLICABLE TEXAS LAW CONCERNING THE PROHIBITION OF RACIAL PROFILING.**
- **THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH APPLICABLE TEXAS LAW CONCERNING THE REPORTING OF INFORMATION TO TCOLE.**

Introduction

This report details an analysis of the Addison Police Department's policies, training, and statistical information on racial profiling for the year 2013. This report has been prepared to specifically comply with Article 2.132 of the Texas Code of Criminal Procedure (CCP) regarding the compilation and analysis of racial profiling data. Specifically, the analysis will address Articles 2.131 – 2.135 of the CCP and make a determination of the level of compliance with those articles by the Addison Police Department in 2013. The full copies of the applicable laws and regulations pertaining to this report are contained in Appendix A.

This report is divided into six analytical sections: Addison Police Department's policy on racial profiling; Addison Police Department's training and education on racial profiling; Addison Police Department's complaint process and public education on racial profiling; analysis of statistical data on racial profiling; analysis of Addison Police Department's compliance with applicable laws on racial profiling; and a final section which includes completed data and information reporting forms required to be sent to TCOLE beginning in 2011.

For the purposes of this report and analysis, the following definition of racial profiling is used: racial profiling means a law enforcement-initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity (Texas CCP Article 3.05).

Addison Police Department Policy on Racial Profiling

A review of Addison Police Department Policy TBBP: 2.01.1 Sections 326-334 revealed that the department has adopted policies to be in compliance with Article 2.132 of the Texas CCP (see Appendix B). There are seven specific requirements mandated by Article 2.132 that a law enforcement agency must address. All seven are clearly covered in Departmental Policy TBBP: 2.01.1 Sections 326-334. Addison Police Department regulations provide clear direction that any form of racial profiling is prohibited and that officers found engaging in inappropriate profiling may be disciplined up to and including dismissal. The regulations also provide a very clear statement of the agency's philosophy regarding equal treatment of all persons regardless of race or ethnicity. Appendix C lists the applicable statute and corresponding Addison Police Department regulation.

A COMPREHENSIVE REVIEW OF ADDISON POLICE DEPARTMENT POLICY TBBP: 2.01.1 Sections 326-334 SHOWS THAT THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH ARTICLE 2.132 OF THE TEXAS CODE OF CRIMINAL PROCEDURE.

Addison Police Department Training and Education on Racial Profiling

Texas Occupation Code § 1701.253 and § 1701.402 require that curriculum be established and training certificates issued on racial profiling for all Texas Peace officers. Documentation provided by Addison Police Department reveals that racial profiling training and certification was provided to all officers requiring such training.

A REVIEW OF THE INFORMATION PRESENTED AND SUPPORTING DOCUMENTATION REVEALS THAT THE ADDISON POLICE DEPARTMENT IS FULLY IN COMPLIANCE WITH TEXAS LAW ON TRAINING AND EDUCATION REGARDING RACIAL PROFILING.

Addison Police Department Complaint Process and Public Education on Racial Profiling

Article 2.132 §(b)3-4 of the Texas Code of Criminal Procedure requires that law enforcement agencies implement a complaint process on racial profiling and that the agency provide public education on the complaint process. Addison Police Department Policy TBBP: 2.01.1 Sections 328.06 and 332.01-04 cover this requirement. Moreover, the department maintains an easily accessible website address concerning racial profiling education and information on the racial profiling complaint process (http://www.addisontx.gov/Departments/police/police_welcome.asp) including how to file a complaint.

A REVIEW OF THE DOCUMENTATION PRODUCED BY THE DEPARTMENT IN BOTH PRINT AND ELECTRONIC FORM REVEALS THAT THE DEPARTMENT IS FULLY IN COMPLIANCE WITH APPLICABLE TEXAS LAW ON THE RACIAL PROFILING COMPLAINT PROCESS AND PUBLIC EDUCATION ABOUT THE COMPLAINT PROCESS.

Addison Police Department Statistical Data on Racial Profiling

Article 2.132(b) 6 requires that law enforcement agencies collect statistical information on traffic stops in which a citation is issued and arrests with specific information on the race of the person cited. In addition, information concerning searches of persons and whether or not the search was based on consent is also required to be collected. Addison Police Department submitted statistical information on all citations in 2013 and accompanying information on the race of the person cited. Accompanying this data was the relevant information on searches.

ANALYSIS OF THE DATA REVEALS THAT THE DEPARTMENT IS IN COMPLIANCE WITH APPLICABLE TEXAS LAW ON THE COLLECTION OF RACIAL PROFILING DATA.

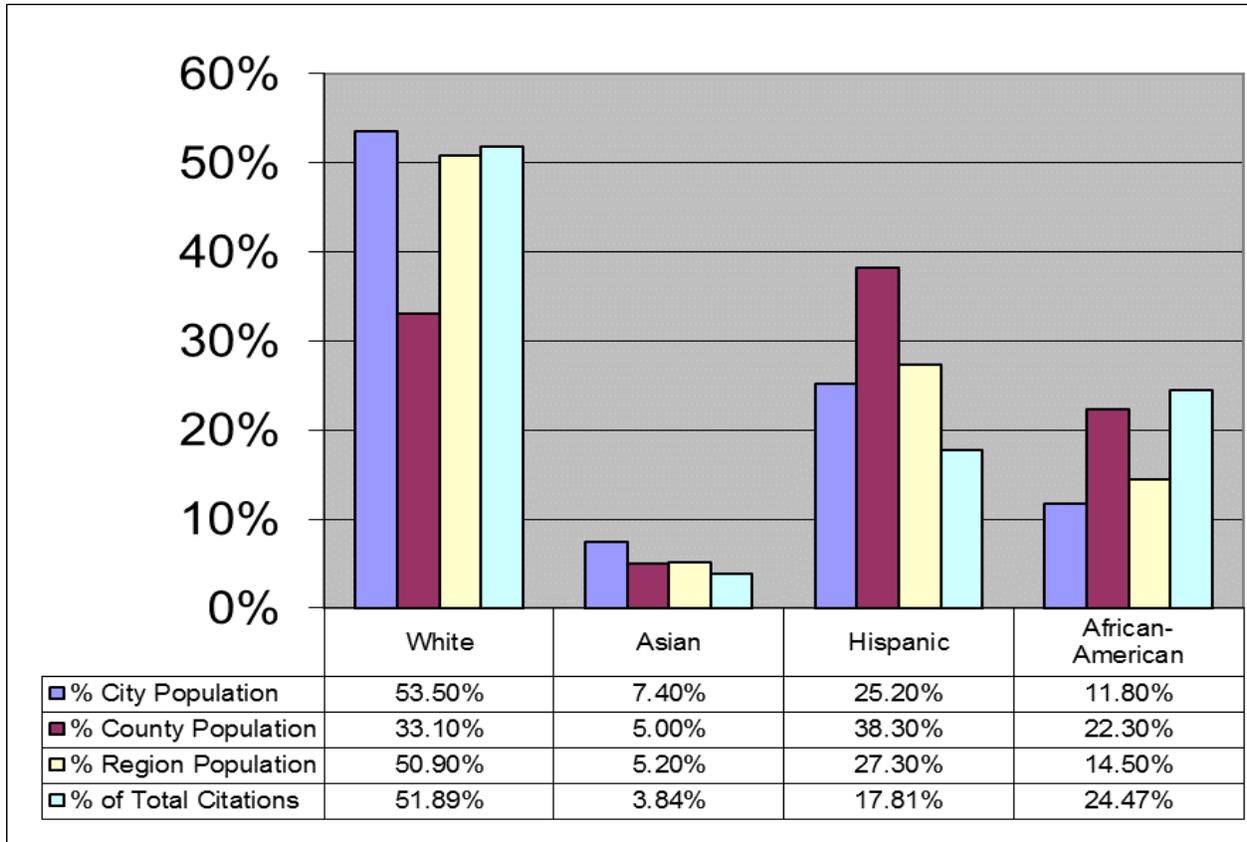
Analysis of the Data

The first chart depicts the percentages of people cited by race among the total 4,891 traffic contacts that resulted in an action (citation, arrest, or both) in 2013.¹ White drivers constituted 51.89 percent of all drivers cited, whereas Whites constitute 53.50 percent of the city population, 33.10 percent of the county population, and 50.90 percent of the region population.² African-American drivers constituted 24.47 percent of all drivers cited, whereas African-Americans constituted 11.80 percent of the city population, 22.30 percent of the county population, and

¹ Among the total 4,891 traffic contacts, 4,383 resulted in a citation, 487 resulted in arrest, and 21 resulted in both arrest and a citation. See the TCOLE forms near the end of this report.

² City and County populations were derived from the 2010 Census of the U.S. Census Bureau. Regional population figures were derived from 2010 Census data compiled and published by the North Central Texas Council of Governments. "Regional" population figures are defined as the 16 county Dallas-Ft. Worth region and include the following counties: Collin, Dallas, Denton, Ellis, Erath, Hood, Hunt, Johnson, Kaufman, Navarro, Palo Pinto, Parker, Rockwall, Somervell, Tarrant, and Wise.

14.50 percent of the region population. Hispanic drivers constituted 17.81 percent of all drivers cited, whereas Hispanics constituted 25.20 percent of the city population, 38.30 percent of the county population, and 27.30 percent of the region population. Asian drivers constituted 3.84 percent of all drivers cited, whereas Asians constituted 7.40 percent of the city population, 5.00 percent of the county population, and 5.20 percent of the region population.



The chart shows that White drivers are cited at rates roughly comparable to the percentage of Whites found in the city and regional populations, but higher than in the county population. African-American drivers are cited at rates higher than the percentage of African-Americans found in the city and regional populations, and roughly comparable to the percentage of African-Americans in the county population. Hispanic drivers are cited at rates lower than the percentage of Hispanics found in the city, county, and regional populations. Asian drivers are cited at rates lower than the percentage of Asians in the city, county, and regional populations.

Easy determinations regarding whether or not Addison police officers have “racially profiled” a given motorist are impossible given the nature of the data that has been collected and presented for this report. The law dictates that police agencies compile aggregate-level data regarding the *rates* at which agencies *collectively* stop motorists in terms of their race/ethnicity. These aggregated data are to be subsequently analyzed in order to determine whether or not *individual* officers are “racially profiling” motorists.

This methodological error, commonly referred to as the “ecological fallacy,” defines the dangers involved in making assertions about individual officer decisions based on the examination of

aggregate incident level data. In short, one cannot "prove" that an *individual* officer has "racially profiled" any *individual* motorist based on the rate at which a department stops any given *group* of motorists. This kind of determination necessarily requires an examination of data at the individual officer level for a more detailed analysis of individual officer decision-making. Unfortunately, the law does not currently require the collection of this type of data, resulting in a considerable amount of conjecture as to the substantive meaning of aggregate level disparities.

Additional interpretation problems remain in regards to the specific measurement of racial "profiling" as defined by Texas state code. For example, officers are currently forced to make subjective determinations regarding an individual's race based on his or her personal observations because the Texas Department of Public Safety does not provide an objectively-based determination of an individual's race/ethnicity on the Texas driver's license. The absence of any verifiable race/ethnicity data on the driver's license is especially troubling given the racial diversity within the North Texas region as a whole, and the large numbers of citizens who are of Hispanic and/or mixed racial descent. The validity of any racial/ethnic disparities discovered in the aggregate level data becomes threatened in direct proportion to the number of subjective "guesses" officers are forced to make when trying to determine an individual's racial/ethnic background.

In addition, the data collected for the current report does not allow for an analysis that separates (or disaggregates) the discretionary decisions of officers to stop a motorist from those that are largely non-discretionary. For example, non-discretionary stops of motorists based on the discovery of outstanding warrants should not be analyzed in terms of whether or not "profiling" has occurred simply because the officer who has stopped a motorist as a result of the discovery of an outstanding warrant does not *independently* make the decision to stop, but rather, is required to stop that individual regardless of any determination of race. An officer cannot be determined to be "racially profiling" when organizational rules and state codes compel them to stop regardless of an individual's race/ethnicity. Straightforward aggregate comparisons of stop rates ignore these realities, and fail to distinguish between discretionary and non-discretionary law enforcement actions. In the future, this validity issue could be lessened by the collection of data indicating the initial reason for the traffic stop, whether it be an observed traffic violation, other criminal activity, the existence of an outstanding warrant, or some other reason.

Finally, there has been considerable debate as to what the most appropriate population "base-rate" is in determining whether or not racial/ethnic disparities exist. As the current analysis shows in regards to the use of city, county, and regional population base-rates, the outcome of analyses designed to determine whether or not disparities exist is obviously dependent on which base-rate is used. In addition, population shifts and the changing demographic character of the North Texas region has exacerbated problems associated with determining appropriate base-rates because measures derived exclusively from the U.S. Census can become quickly outdated since they are compiled only once per decade. Related, the determination of valid stop base-rates becomes multiplied if analyses fail to distinguish between residents and non-residents who are stopped, because the existence of significant proportions of non-resident stops will lead to invalid conclusions if racial/ethnic comparisons are made exclusively to resident population figures. This is particularly true in cities such as Addison whose non-resident populations tend to fluctuate significantly during business hours as a result of non-resident commuters. In addition, the population of Addison increases significantly during the evening and nighttime hours as non-residents take advantage of Addison's extensive array of restaurants, bars, and hotels.

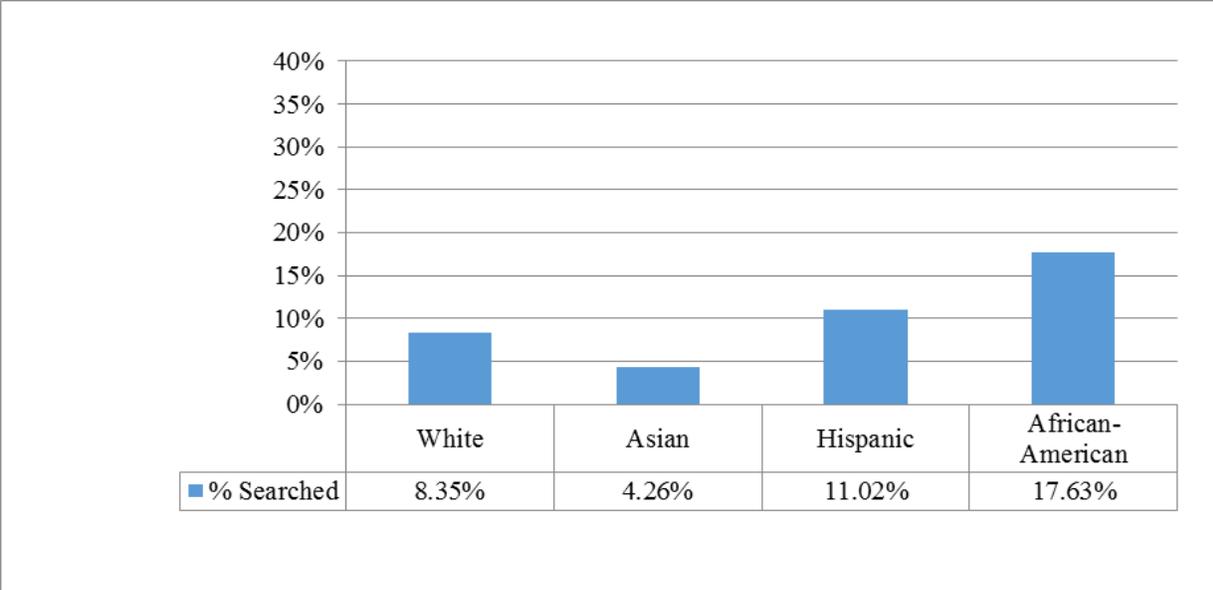
In short, the methodological problems outlined above point to the limited utility of using aggregate level comparisons of the rates at which different racial/ethnic groups are cited in order to determine whether or not racial profiling exists within a given jurisdiction.

The table below reports the summaries for the total number of persons cited by the Addison Police Department for traffic offenses in 2013. In addition, the table shows the number of cited individuals who granted consent to search and those cited drivers who were arrested pursuant to the stop. The table shows that roughly 52 percent of all persons cited were White drivers (2,538/4,891 total citations), roughly 24 percent (1,197) of all persons cited were African-American drivers, and roughly 18 percent (871) of all persons cited were Hispanic drivers. In addition, roughly 40 percent of all drivers searched were White (212/529), roughly 18 percent were Hispanic, and 40 percent were African-American. It is clear that the vast majority of the total number of drivers cited (including White, African-American, and Hispanic groups) were not searched (89%), and only about 3 percent of all searches were consent searches (14/529).

Action	White	African-American	Hispanic	Asian	Other	Total
Stops	2,538	1,197	871	188	97	4,891
Searches	212	211	96	8	2	529
Consent Searches	12	2	0	0	0	14
Arrests	199	204	95	8	2	508

The bar chart below presents the percentage of cited drivers who were searched *within* each racial category. The chart indicates that drivers who were cited were rarely searched across the racial categories. For example, only 8.35 percent of all White drivers who were cited were also searched (212 total searches), 4.26 percent of all Asian drivers who were cited were searched (8 total searches), 11.02 percent of all Hispanic drivers who were cited were searched (96 total searches), and 17.63 percent of all African-American drivers who were cited were searched (211 total searches). Further, among the 4,891 stops in 2013, less than 1% resulted in a consensual search.

It should be noted that aggregate level comparisons regarding the rates at which drivers are searched by police are subject to some of the same methodological issues as those outlined above regarding analyses of aggregate level stop rates. Of particular concern is the absence of any analyses that separates discretionary searches from non-discretionary searches. For example, searches that are conducted incident to an arrest or as part of a vehicle tow inventory should not be included in analyses designed to examine whether or not racial profiling has occurred because these types of searches are non-discretionary in that the officer is compelled by law or departmental guidelines to conduct the search irrespective of the race of the stopped driver.



Analysis of Racial Profiling Compliance by Addison Police Department

The foregoing analysis shows that the Addison Police Department is fully in compliance with all relevant Texas laws concerning racial profiling, including the existence of a formal policy prohibiting racial profiling by its officers, officer training and educational programs, a formalized complaint process, and the collection of data in compliance with the law. Finally, internal records indicate that during 2013 the department received no complaints that could be categorized as involving some type of racial profiling.

In addition to providing summary reports and analysis of the data collected by the Addison Police Department in 2013, this report also included an extensive presentation of some of the limitations involved in the level of data collection currently required by law and the methodological problems associated with analyzing such data for the Addison Police Department as well as police agencies across Texas. The Addison Police Department should continue its educational and training efforts within the department on racial profiling. Finally, the department should continue to conduct periodic evaluations of individual officers to assess whether or not an officer is engaging in racial profiling. The final section of this report includes newly required TCOLE reporting information by Texas law enforcement organizations.

Addison Police Department TCOLE Reporting Forms



**Partial Exemption Racial Profiling Reporting
(Tier 1)**

Department Name ADDISON POLICE DEPT
 Agency Number 113201
 Chief Administrator Name RON DAVIS
 Reporting Name LEVI LANKIN
 Contact Number 972-450-7100
 E-mail Address LANKIN@addison.tx.gov

Certification to Report 2.132 (Tier 1) – Partial Exemption

Policy Requirements (2.132(b) CCP):

Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

- (1) clearly define acts constituting racial profiling;
- (2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;
- (3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;
- (4) provide public education relating to the agency's complaint process;
- (5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;
- (6) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:
 - (A) the race or ethnicity of the individual detained;
 - (B) whether a search was conducted and, if so, whether the individual detained consented to the search; and
 - (C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and
- (7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
 - (A) the Commission on Law Enforcement Officer Standards and Education; and
 - (B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

These policies are in effect

Ron Davis
 Chief Administrator

2/11/14
 Date

PARTIAL EXEMPTION RACIAL PROFILING REPORTING (TIER 1)

INSTRUCTIONS: Please fill out all boxes. If zero, use 0.

1. Total on lines 4, 11, 14, and 17 must be equal
2. Total on line 20 must equal line 15

AGENCY NAME:

Number of motor vehicle stops (mark only 1 category per vehicle stop):

1. 4383 Citation only
2. 487 Arrest only
3. 21 Both

4. 4891 (Total of 1-3)

Race or Ethnicity (mark only 1 category per vehicle stop):

5. 1197 African
6. 188 Asian
7. 2538 Caucasian
8. 871 Hispanic
9. 93 Middle Eastern
10. 4 Native American

11. 4891 (Total of 5-10, must be the same as #4)

Race or Ethnicity known prior to stop?

12. 247 Yes
13. 4644 No

14. 4891 (Total of 12-13, must be the same as #4 and #11)

Search conducted?

15. 529 Yes
16. 4362 No

17. 4891 (Total of 15-16, must be the same as #4, #11, and #14 above)

Was search consented?

18. 14 Yes
19. 515 No

20. 529 (Total, must equal #15)

Appendix A

Racial Profiling Statutes and Laws

Art. 3.05. RACIAL PROFILING.

In this code, "racial profiling" means a law enforcement-initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 2, eff. Sept. 1, 2001.

Art. 2.131. RACIAL PROFILING PROHIBITED.

A peace officer may not engage in racial profiling.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Art. 2.132. LAW ENFORCEMENT POLICY ON RACIAL PROFILING.

(a) In this article:

(1) "Law enforcement agency" means an agency of the state, or of a county, municipality, or other political subdivision of the state, that employs peace officers who make motor vehicle stops in the routine performance of the officers' official duties.

(2) "Motor vehicle stop" means an occasion in which a peace officer stops a motor vehicle for an alleged violation of a law or ordinance.

(3) "Race or ethnicity" means of a particular descent, including Caucasian, African, Hispanic, Asian, Native American, or Middle Eastern descent.

(b) Each law enforcement agency in this state shall adopt a detailed written policy on racial profiling. The policy must:

(1) clearly define acts constituting racial profiling;

- (2) strictly prohibit peace officers employed by the agency from engaging in racial profiling;
 - (3) implement a process by which an individual may file a complaint with the agency if the individual believes that a peace officer employed by the agency has engaged in racial profiling with respect to the individual;
 - (4) provide public education relating to the agency's complaint process;
 - (5) require appropriate corrective action to be taken against a peace officer employed by the agency who, after an investigation, is shown to have engaged in racial profiling in violation of the agency's policy adopted under this article;
 - (6) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:
 - (A) the race or ethnicity of the individual detained;
 - (B) whether a search was conducted and, if so, whether the individual detained consented to the search; and
 - (C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and
 - (7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:
 - (A) the Commission on Law Enforcement Officer Standards and Education; and
 - (B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.
- (c) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.
- (d) On adoption of a policy under Subsection (b), a law enforcement agency shall examine the feasibility of installing video camera and transmitter-activated equipment in each agency law enforcement motor vehicle regularly used to make motor vehicle stops and transmitter-activated equipment in each agency law enforcement motorcycle regularly used to make motor vehicle stops. If a law enforcement agency installs video or audio equipment as provided by this

subsection, the policy adopted by the agency under Subsection (b) must include standards for reviewing video and audio documentation.

(e) A report required under Subsection (b)(7) may not include identifying information about a peace officer who makes a motor vehicle stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the collection of information as required by a policy under Subsection (b)(6).

(f) On the commencement of an investigation by a law enforcement agency of a complaint described by Subsection (b)(3) in which a video or audio recording of the occurrence on which the complaint is based was made, the agency shall promptly provide a copy of the recording to the peace officer who is the subject of the complaint on written request by the officer.

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b)(7), the commission shall begin disciplinary procedures against the chief administrator.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Amended by: Acts 2009, 81st Leg., R.S., Ch. 1172, Sec. 25, eff. September 1, 2009.

Art. 2.133. REPORTS REQUIRED FOR MOTOR VEHICLE STOPS.

(a) In this article, "race or ethnicity" has the meaning assigned by Article 2.132(a).

(b) A peace officer who stops a motor vehicle for an alleged violation of a law or ordinance shall report to the law enforcement agency that employs the officer information relating to the stop, including:

(1) a physical description of any person operating the motor vehicle who is detained as a result of the stop, including:

(A) the person's gender; and

(B) the person's race or ethnicity, as stated by the person or, if the person does not state the person's race or ethnicity, as determined by the officer to the best of the officer's ability;

(2) the initial reason for the stop;

- (3) whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;
- (4) whether any contraband or other evidence was discovered in the course of the search and a description of the contraband or evidence;
- (5) the reason for the search, including whether:
 - (A) any contraband or other evidence was in plain view;
 - (B) any probable cause or reasonable suspicion existed to perform the search; or
 - (C) the search was performed as a result of the towing of the motor vehicle or the arrest of any person in the motor vehicle;
- (6) whether the officer made an arrest as a result of the stop or the search, including a statement of whether the arrest was based on a violation of the Penal Code, a violation of a traffic law or ordinance, or an outstanding warrant and a statement of the offense charged;
- (7) the street address or approximate location of the stop; and
- (8) whether the officer issued a written warning or a citation as a result of the stop.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Amended by: Acts 2009, 81st Leg., R.S., Ch. 1172, Sec. 26, eff. September 1, 2009.

Art. 2.134. COMPILATION AND ANALYSIS OF INFORMATION COLLECTED.

(a) In this article:

(1) "Motor vehicle stop" has the meaning assigned by Article 2.132(a).

(2) "Race or ethnicity" has the meaning assigned by Article 2.132(a).

(b) A law enforcement agency shall compile and analyze the information contained in each report received by the agency under Article 2.133. Not later than March 1 of each year, each law enforcement agency shall submit a report containing the incident-based data compiled during the previous calendar year to the Commission on Law Enforcement Officer Standards and Education

and, if the law enforcement agency is a local law enforcement agency, to the governing body of each county or municipality served by the agency.

(c) A report required under Subsection (b) must be submitted by the chief administrator of the law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, and must include:

(1) a comparative analysis of the information compiled under Article 2.133 to:

- (A) evaluate and compare the number of motor vehicle stops, within the applicable jurisdiction, of persons who are recognized as racial or ethnic minorities and persons who are not recognized as racial or ethnic minorities; and
- (B) examine the disposition of motor vehicle stops made by officers employed by the agency, categorized according to the race or ethnicity of the affected persons, as appropriate, including any searches resulting from stops within the applicable jurisdiction; and

(2) information relating to each complaint filed with the agency alleging that a peace officer employed by the agency has engaged in racial profiling.

(d) A report required under Subsection (b) may not include identifying information about a peace officer who makes a motor vehicle stop or about an individual who is stopped or arrested by a peace officer. This subsection does not affect the reporting of information required under Article 2.133(b)(1).

(e) The Commission on Law Enforcement Officer Standards and Education, in accordance with Section 1701.162, Occupations Code, shall develop guidelines for compiling and reporting information as required by this article.

(f) The data collected as a result of the reporting requirements of this article shall not constitute prima facie evidence of racial profiling.

(g) On a finding by the Commission on Law Enforcement Officer Standards and Education that the chief administrator of a law enforcement agency intentionally failed to submit a report required under Subsection (b), the commission shall begin disciplinary procedures against the chief administrator.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Amended by: Acts 2009, 81st Leg., R.S., Ch. [1172](#), Sec. 27, eff. September 1, 2009.

Art. 2.135. PARTIAL EXEMPTION FOR AGENCIES USING VIDEO AND AUDIO EQUIPMENT.

(a) A peace officer is exempt from the reporting requirement under Article 2.133 and the chief administrator of a law enforcement agency, regardless of whether the administrator is elected, employed, or appointed, is exempt from the compilation, analysis, and reporting requirements under Article 2.134 if:

(1) during the calendar year preceding the date that a report under Article 2.134 is required to be submitted:

(A) each law enforcement motor vehicle regularly used by an officer employed by the agency to make motor vehicle stops is equipped with video camera and transmitter-activated equipment and each law enforcement motorcycle regularly used to make motor vehicle stops is equipped with transmitter-activated equipment; and

(B) each motor vehicle stop made by an officer employed by the agency that is capable of being recorded by video and audio or audio equipment, as appropriate, is recorded by using the equipment; or

(2) the governing body of the county or municipality served by the law enforcement agency, in conjunction with the law enforcement agency, certifies to the Department of Public Safety, not later than the date specified by rule by the department, that the law enforcement agency needs funds or video and audio equipment for the purpose of installing video and audio equipment as described by Subsection (a)(1)(A) and the agency does not receive from the state funds or video and audio equipment sufficient, as determined by the department, for the agency to accomplish that purpose.

(b) Except as otherwise provided by this subsection, a law enforcement agency that is exempt from the requirements under Article 2.134 shall retain the video and audio or audio documentation of each motor vehicle stop for at least 90 days after the date of the stop. If a complaint is filed with the law enforcement agency alleging that a peace officer employed by the agency has engaged in racial profiling with respect to a motor vehicle stop, the agency shall retain the video and audio or audio record of the stop until final disposition of the complaint.

(c) This article does not affect the collection or reporting requirements under Article 2.132.

(d) In this article, "motor vehicle stop" has the meaning assigned by Article 2.132(a).

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Amended by: Acts 2009, 81st Leg., R.S., Ch. 1172, Sec. 28, eff. September 1, 2009.

Art. 2.136. LIABILITY.

A peace officer is not liable for damages arising from an act relating to the collection or reporting of information as required by Article 2.133 or under a policy adopted under Article 2.132.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Art. 2.137. PROVISION OF FUNDING OR EQUIPMENT.

(a) The Department of Public Safety shall adopt rules for providing funds or video and audio equipment to law enforcement agencies for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), including specifying criteria to prioritize funding or equipment provided to law enforcement agencies. The criteria may include consideration of tax effort, financial hardship, available revenue, and budget surpluses. The criteria must give priority to:

(1) law enforcement agencies that employ peace officers whose primary duty is traffic enforcement;

(2) smaller jurisdictions; and

(3) municipal and county law enforcement agencies.

(b) The Department of Public Safety shall collaborate with an institution of higher education to identify law enforcement agencies that need funds or video and audio equipment for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A). The collaboration may include the use of a survey to assist in developing criteria to prioritize funding or equipment provided to law enforcement agencies.

(c) To receive funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency needs funds or video and audio equipment for that purpose.

(d) On receipt of funds or video and audio equipment from the state for the purpose of installing video and audio equipment as described by Article 2.135(a)(1)(A), the governing body of a county or municipality, in conjunction with the law enforcement agency serving the county or municipality, shall certify to the Department of Public Safety that the law enforcement agency has installed video and audio equipment as described by Article 2.135(a)(1)(A) and is using the equipment as required by Article 2.135(a)(1).

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Art. 2.138. RULES.

The Department of Public Safety may adopt rules to implement Articles 2.131-2.137.

Added by Acts 2001, 77th Leg., ch. 947, Sec. 1, eff. Sept. 1, 2001.

Art. 2.1385. CIVIL PENALTY.

(a) If the chief administrator of a local law enforcement agency intentionally fails to submit the incident-based data as required by Article 2.134, the agency is liable to the state for a civil penalty in the amount of \$1,000 for each violation. The attorney general may sue to collect a civil penalty under this subsection.

(b) From money appropriated to the agency for the administration of the agency, the executive director of a state law enforcement agency that intentionally fails to submit the incident-based data as required by Article 2.134 shall remit to the comptroller the amount of \$1,000 for each violation.

(c) Money collected under this article shall be deposited in the state treasury to the credit of the general revenue fund.

Added by Acts 2009, 81st Leg., R.S., Ch. 1172, Sec. 29, eff. September 1, 2009.

Appendix B

Addison PD Racial Profiling Policy

326. Racial Profiling and Bias Reduction (TBBP: 2.01.1)

326.01 It is the policy of this department to police in a proactive manner and to aggressively investigate suspected violations of law. Officers shall actively enforce Town ordinances, state and federal laws in a responsible and professional manner, without regard to race, ethnicity or national origin.

326.02 All enforcement actions, particularly stops of citizens (for traffic and other purposes), investigative detentions, arrests, searches and seizures of persons or property, shall be based on the standards of reasonable suspicion or probable cause as required by the Fourth Amendment to the U. S. Constitution and statutory authority. In all enforcement decisions, officers shall be able to articulate specific facts, circumstances, and conclusions which support probable cause or reasonable suspicion for arrests, searches, seizures, and stops of citizens.

326.03 Officers are strictly prohibited from engaging in racial profiling as defined in this policy. This policy shall be applicable to all persons, whether drivers, passengers, or pedestrians. Officers shall not stop, detain, arrest, search, or attempt to search anyone based solely upon the person's race, sex, sexual orientation, gender, national origin, ethnicity, age, economic status or religion. Officers shall base all such actions on a reasonable suspicion that the person or an occupant of a vehicle committed an offense.

327. Definitions

327.01 Most of the following terms appear in this order. In any case, these terms appear in the larger public discourse about alleged biased enforcement behavior and in other orders. These definitions are intended to facilitate on-going discussion and analysis of our enforcement practices.

a. Bias - Prejudice or partiality which may be based on preconceived ideas, a person's upbringing, culture, experience, or education.

b. Biased policing - Stopping, detaining, searching, or attempting to search, or using force against a person based upon his or her race, sex, sexual orientation, gender, national origin, ethnicity, age, or religion in violation of constitutional safeguards.

- c. Ethnicity - A cluster of characteristics which may include race but also cultural characteristics or traits which are shared by a group with a common experience or history.
- d. Gender - Unlike sex, a psychological classification based on cultural characteristics or traits.
- e. Probable Cause - Facts or apparent facts and circumstances within an officer's knowledge and of which the officer had reasonable, trustworthy information to lead a reasonable person to believe that an offense has been or is being committed, and that the suspect has committed it.
- f. Race - A category of people of a particular descent, including Caucasian, African, Hispanic, Asian, Middle Eastern or Native American descent. As distinct from ethnicity, race only refers to physical characteristics sufficiently distinctive to group people under a classification.
- g. Racial profiling - A law-enforcement initiated action based on an individual's race, ethnicity, or national origin rather than on the individual's behavior or on information identifying the individual as having engaged in criminal activity.
- h. Reasonable suspicion - Articulable, objective facts which lead an experienced officer to suspect that a person has committed, is committing, or may be about to commit a crime. A well-founded suspicion is based on the totality of the circumstances and does not exist unless it can be articulated. Reasonable suspicion supports a stop of a citizen. Courts require that stops based on reasonable suspicion be "objectively reasonable."
- i. Sex - A biological classification, male or female, based on physical and genetic characteristics.
- j. Stop - The detention of a subject for a brief period of time, based on reasonable suspicion. A stop is investigative detention.

328. General responsibilities

328.01 Officers are prohibited from engaging in racial profiling or stopping, detaining, searching, arresting, or taking any enforcement action including seizure or forfeiture activities, against any person based solely on the person's race, national origin, citizenship, religion, ethnicity, age, gender, color, creed, sexual orientation, disability, economic status, cultural group or any other identifiable group. These characteristics, however, may form part of reasonable suspicion or probable cause when officers are seeking a suspect with one or more of these attributes. Racial profiling pertains to persons who are viewed as suspects or potential suspects of criminal behavior. The term is not relevant as it pertains to witnesses, complainants, or other citizen contacts.

328.02 Reasonable suspicion or probable cause shall form the basis for any enforcement actions or decisions. Citizens shall only be subjected to stops, seizures, or detention upon reasonable suspicion that they have committed, are committing, or are about to commit an offense. Officers shall document the elements of reasonable suspicion and probable cause in appropriate reports.

328.03 Officers shall observe all constitutional safeguards and shall respect the constitutional rights of all citizens.

328.04 As traffic stops furnish a primary source of bias-related complaints, officers shall have a firm understanding of the warrant-less searches allowed by law, particularly the use of consent. How the officer disengages from a traffic stop may be crucial to a citizen's perception of fairness or discrimination.

328.05 Officers shall not use the refusal or lack of cooperation to justify a search of the citizen's person or vehicle or a prolonged detention once reasonable suspicion has been dispelled.

328.06 All personnel shall courteously accept, document, and forward to the Chief of Police any complaints made by citizens against the department. Further, officers shall provide information on the complaint process and shall provide information of "How to Make a Complaint" when appropriate.

328.07 When feasible, personnel shall offer explanations to citizens of the reasons for enforcement actions or other decisions that bear on citizens' well-being unless the explanation would undermine an investigation or jeopardize an officer's safety.

328.08 When feasible, all personnel shall identify themselves by name. When a citizen requests the information, personnel shall give their departmental identification number, name of the immediate supervisor, or any other reasonable information.

328.09 Unless required by law, a citizen's refusal to cooperate or provide information does not create any justification for further enforcement action.

Refusal to sign a summons or failure to obey a lawful order of an officer are examples of exceptions to voluntary cooperation and may require a custodial arrest under some circumstances.

329. Supervisory responsibilities

329.01 Supervisors shall be held accountable for the observance of constitutional safeguards during the performance of their duties. Supervisors shall identify and correct instances of bias in the work of their subordinates.

329.02 Supervisors shall ensure that all enforcement actions are duly documented per departmental policy. Supervisors shall ensure that all reports show adequate documentation of reasonable suspicion and probable cause, if applicable.

329.03 Supervisors shall facilitate the filing of any citizens' complaints about law enforcement service.

330. Disciplinary consequences

330.01 Actions prohibited by this order shall be cause for disciplinary action, up to and including dismissal.

331. Training

331.01 Officers are responsible to adhere to all Texas Commission on Law Enforcement Officer Standards and Education (TCOLE) training and the Law Enforcement Management Institute of Texas (LEMIT) requirements as mandated by law.

331.02 All officers shall complete TCOLE training and education program on racial profiling.

331.03 The Chief of Police, as part of the initial training and continued education for such appointment, will be required to attend the LEMIT program on racial profiling.

332. Complaints

332.01 The department shall accept complaints from any person who believes he or she has been stopped or searched based on racial, ethnic or national origin profiling. No person shall be discouraged, intimidated or coerced from filing a complaint, nor discriminated against because he or she filed such a complaint.

332.02 Any employee who receives an allegation of racial profiling, including the officer who initiated the stop, shall record the person's name, address, and telephone number, and forward the complaint through the appropriate channel or direct the individual(s) to a supervisor. Any employee contacted shall provide to that person a copy of a complaint form or the department process for filing a complaint. All employees will report any allegation of racial profiling to their superior before the end of their shift.

332.03 All complaints of racial profiling by employees of the department will be thoroughly investigated.

332.04 If there is a departmental video or audio recording of the events upon which a complaint of racial profiling is based, upon commencement of an investigation by this department into the complaint and written request of the officer made the subject of the complaint, this department shall promptly provide a copy of the recording or other image(s) to that officer.

333. Public Education

333.01 The department's complaint process and its racial profiling policy will be posted on the department's website.

334. Record Keeping

334.01 An officer who stops a motor vehicle for an alleged violation of a law or ordinance regulating traffic, or who stops a pedestrian for any suspected offense and in the event the driver of the vehicle, or the pedestrian contacted, is issued a citation and/or arrested, the officer shall record and report the following information:

- a. A physical description of each person detained as a result of the stop, including:
- b. the person's sex;

- c. the person's race or ethnicity, as stated by the person or as determined by the officer to the best of his/her ability;
- d. The street address or approximate location of the violation. The suspected offense or the traffic law or ordinance alleged to have been violated.
- e. Whether the officer conducted a search as a result of the stop and, if so, whether the person detained consented to the search;
- f. Whether probable cause to search existed and, if so, the fact(s) supporting the existence of that probable cause;
- g. Whether any contraband was discovered in the course of the search and, if so, the type of contraband discovered;
- h. Whether the officer made an arrest as a result of the stop and/or search and, if so, a statement of the offense charged. Whether the officer issued a warning or a citation as a result of the stop and, if so, a statement of the offense charged.
- i. Officers will record whether or not they could identify the race or ethnicity of the suspect before the person was detained.

334.02

By March of each year, the department shall submit a report to its municipal governing board that includes information gathered by the citations. The report will include:

- a. a breakdown of citations by race or ethnicity;
- b. number of citations that resulted in a search;
- c. number of searches that were consensual; and
- d. number of citations that resulted in custodial arrest for this cited violation or any other violation.

Appendix C

Racial Profiling Laws and Corresponding Standard Operating Procedures

Texas CCP Article	ADDISON POLICE DEPARTMENT POLICY TBBP: 2.01.1
2.132(b)1	Section 326 – Racial Profiling and Bias Reduction
2.132(b)2	Section 328 - General Responsibilities
2.132(b)3	Section 332 - Complaints
2.132(b)4	Section 333 - Public Education
2.132(b)5	Section 330 - Disciplinary Consequences
2.132(b)6	Section 334 - Record Keeping
2.132(b)7	Section 334 - Record Keeping

Combined Meeting

R11

Meeting Date: 02/25/2014

Council Goals: Infrastructure improvement and maintenance

AGENDA CAPTION:

Discussion, consider, and take action regarding a contract with EAS Contracting for the reconstruction of the ramps at Hangars S-1 and S-3 at Addison Airport for an amount not to exceed \$233,584.

FINANCIAL IMPACT:

This project will be funded through the Airport, Utility, and Stormwater funds.

BACKGROUND:

An engineering evaluation was done on the ramp pavement of Hangars S-1 and S-3, which are on Taxiway Sierra and accessed landside by Jimmy Doolittle Street. The evaluation determined that the pavement had reached the end of its useful life.

In response to the advertised bid posting, four bids were received. EAS Contracting was the lowest bidder. EAS Contracting was the prime contractor on the Runway Rehabilitation project in 2011 and the Taxiway Alpha Reconstruction project in 2012-13 and did an outstanding job. Staff has a high level of confidence in their work.

The work will consist of the pavement reconstruction, the complete removal and replacement of the existing water line, the installation of a separate water meter for each hangar, and the addition of an inlet to connect to the nearest storm drain. Therefore, the project will be funded through a combination of funds from the Airport's Routine Airfield Maintenance Program grant, the Airport operating fund, the Utility fund, and the Stormwater fund.

The potential contractors were required to bid both asphalt and concrete construction. Although the concrete bids came in higher than the asphalt bids, through value engineering, the airport's engineering firm was able to get the cost of concrete construction down to a final cost that could be accommodated in the various funds. The ramps will be constructed using concrete, thereby increasing their life expectancy as well as decreasing the maintenance costs.

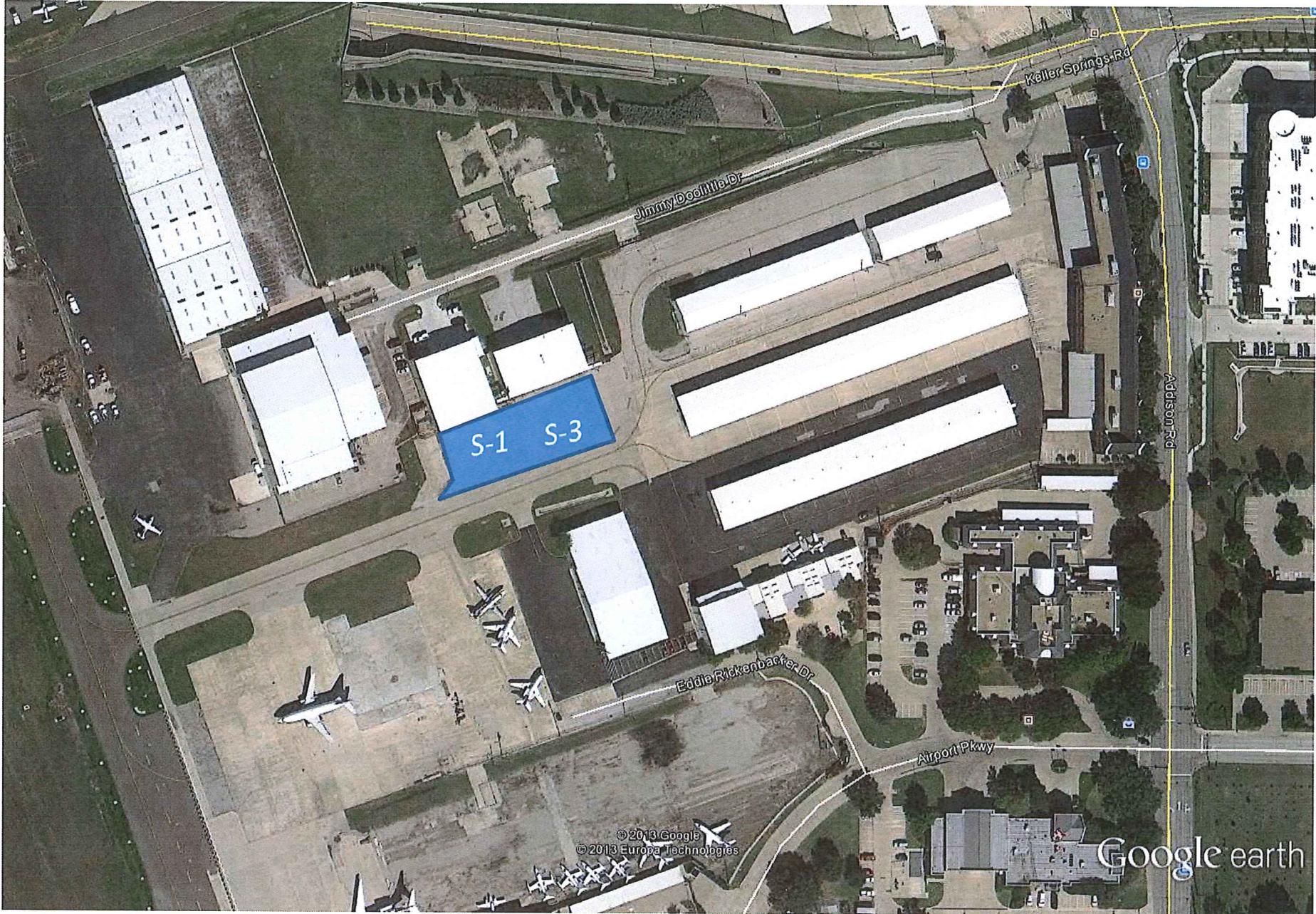
Once Notice to Proceed is issued, the construction is expected to take two months to complete. Access to the hangars will be maintained at all times.

RECOMMENDATION:

Administration recommends approval.

Attachments

S-1 S-3 Ramp Aerial



© 2013 Google
© 2013 Europa Technologies

Google earth

Combined Meeting

R12

Meeting Date: 02/25/2014

Council Goals: N/A

AGENDA CAPTION:

Discussion, consider, and take action on a request by Mission Aire, IV, L.P., ground tenant to 4600 Claire Chennault Dr., for the Town's consent to the creation of a first-lien leasehold mortgage and deed of trust in the sum of \$626,000 to be evidenced by an estoppel letter in favor of the lender, Frost Bank.

FINANCIAL IMPACT:

N/A

BACKGROUND:

Mission Aire, IV, L.P., ground tenant at 4600 Claire Chennault Dr., requests the Town's consideration and consent to their creation of a first-lien leasehold mortgage and deed of trust in the sum of \$626,000 to be evidenced by an estoppel letter (to be substantially in the form of the attached) in favor of the lender, Frost Bank.

The purpose of the loan is to refinance the existing loan and to cause the release of its lien with Comerica Bank, the proceeds of which were used for the purpose of constructing the building improvements on the site or for the refinancing of those improvements as permitted under the lease.

Airport Management recommends the Town give its consent to authorize the city manager to execute the estoppel letter on behalf of the Town.

The city attorney has reviewed the proposed estoppel letter and finds it acceptable for the Town's purposes.

RECOMMENDATION:

Administration recommends approval.

Attachments

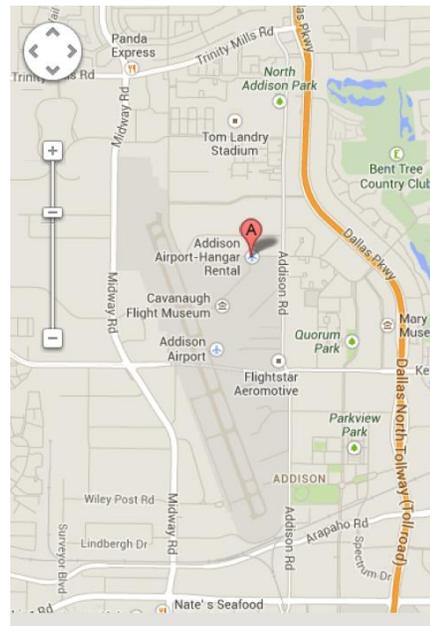
Mission Aire IV memo



- MEMORANDUM -

To: Lisa Pyles, Director of Infrastructure, Operations & Services
From: Bill Dyer
CC: Joel Jenkinson, Airport Director
Date: February 14, 2014
Re: Ground Lease #0960 Mission Aire IV, L.P. as Ground Tenant to
4600 Claire Chennault Drive

Mission Aire, IV, L.P., ground tenant of the leasehold interest to 4600 Claire Chennault Dr., is requesting the Town's consideration and consent to their creation of a first-lien leasehold mortgage and deed of trust in the sum of \$626,000 to be evidenced by an estoppel letter (to be substantially in the form of the attached) in favor of the lender, Frost Bank. The purpose of the loan is to refinance the existing loan and to cause the release of its lien with Comerica Bank (being that certain Deed of Trust, Security Agreement and Assignment of Rents recorded in the Dallas County, Texas Official Public Records as Instrument #200402994667), the proceeds of which were used for the purpose of constructing the building improvements on the Demised Premises or for the



refinancing thereof as permitted under the lease.

Airport Management is recommending the Town give its consent thereby authorizing the city manager to execute the estoppel letter on behalf of the Town.

The city attorney has reviewed the proposed estoppel letter and finds it acceptable for the Town's purposes.

On Bank Letterhead

____1____, _____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated July 1, 1997 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Mission Aire IV, L.P., a Texas limited partnership as "Tenant recorded in the Dallas County, Texas Official Public Records ("OPR") as Instrument #199800043109; by which Ground Lease Landlord leases to Tenant certain real property located at 4600 Claire Chennault Drive at Addison Airport in Dallas County, Texas, as specifically described in the Ground Lease, and being generally described as the "Demised Premises" in the Terms and Conditions set forth in the Ground Lease and so called herein.

Gentlemen:

Frost Bank (the "Bank") intends to make a loan to Mission Aire IV, L.P., a Texas Limited Partnership, to refinance its existing loan and cause the release of its lien with Comerica Bank (being that certain Deed of Trust, Security Agreement and Assignment of Rents recorded in the Dallas County, Texas Official Public Records as Instrument #200402994667), the proceeds of which were used for the purpose of constructing certain improvements on the Demised Premises or, for the refinancing thereof), which loan (the "Loan") in the amount of Six Hundred Twenty-Six Thousand Dollars (\$626,000.00) will be secured by, among other things a lien against the leasehold interest of Tenant in the Demised Premises created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Jimmy R. Locke, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto.

The Bank has advised Tenant that Bank requires the written acknowledgment of Landlord to the execution by Tenant of the above-described Leasehold Deed of Trust and the written acknowledgment and consent of the Landlord to the statements set forth in this letter.

Therefore, by executing the enclosed copy of this letter and returning it to the undersigned, Landlord hereby specifically states as follows (and notwithstanding any statement or provision hereof, Landlord's statements herein do not constitute approval by or consent of Landlord of the Leasehold Deed of Trust or of any of the terms and conditions set forth therein, and nothing herein contained shall be deemed a waiver or release of any of the Landlord's rights under the Ground Lease or otherwise) (when the actual knowledge of the Landlord is referred to herein, the same means the actual knowledge of Bill Dyer, real estate manager for the Addison Airport, with the firm of SAMI Management, Inc.):

1. Landlord takes notice of the Leasehold Deed of Trust and the subordinate and inferior lien provided for therein being impressed solely against the leasehold interest of Tenant in the Demised Premises.
2. The Ground Lease has not been modified, altered or amended to the best of Landlord's actual knowledge except as described herein.
3. Landlord has no actual knowledge of the existence of any default by Tenant under the Ground Lease, or of any lien against the Demised Premises other than that created by the Ground Lease, any lien for taxes, or as may be otherwise created or provided by law.
4. Landlord will give to Bank, at the address of Bank specified in this letter or at such other address as Bank may hereafter designate in writing to Landlord, prompt written notice of any default by Tenant under the Ground Lease simultaneously with the giving of such notice to Tenant (if such notice is required under the Ground Lease), and Bank shall have the right, but not the obligation, for a period of fifteen (15) days after its receipt of such notice or within any longer period of time specified in such notice, to take such action or to make such payment as may be necessary or appropriate to cure any such default so specified. Landlord shall not exercise Landlord's right to terminate the Ground Lease without first giving Bank the notice provided for herein and affording Bank the right to cure such default as provided for herein.
5. For the purposes of this letter, any notice to Bank may be delivered in person or shall be deemed to be delivered, whether actually received or not, when deposited in United States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed to Bank at the above-described address.
6. If Bank or a third party (provided such third party is approved by Landlord in accordance with the terms of the Ground Lease for approval of an assignee) succeeds to the interest of Tenant in and to the Ground Lease by means of foreclosure under the Leasehold Deed of Trust, by means of a transfer in lieu of such foreclosure, or by any other lawful means due to the failure or inability of Tenant to pay the Loan secured by the Leasehold Deed of Trust, Landlord shall thereafter accept, recognize and treat Bank or such approved third party as the tenant under the Ground Lease and Landlord shall continue to perform all of its obligations under the Ground Lease subject, however, to the terms and conditions of the Ground Lease. Bank may thereafter, with the written consent of the Landlord, which consent shall not be unreasonably withheld or delayed, assign its leasehold right, title,

and interest in and to the Ground Lease. For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord withholding consent, it shall be deemed to be reasonable for Landlord to withhold its consent when any one or more of the following apply:

(a) the proposed assignee is of a character or of a reputation or is engaged in a business which is not consistent with the master or strategic plan (or then current draft thereof if the same is under review by Landlord) of Addison Airport as determined by Landlord;

(b) the proposed assignee has not demonstrated sufficient financial responsibility or creditworthiness to the satisfaction of Landlord in light of the duties, obligations, and responsibilities of the tenant under the Ground Lease at the time when the consent is requested;

(c) the proposed assignee's intended use of the demised premises as defined in the Ground Lease is inconsistent with the Ground Lease;

(d) the proposed assignment would cause Landlord to be in violation of another lease or agreement to which Landlord is a party or to which Landlord or the Addison Airport is subject (including, without limitation, any grant agreements or grant assurances of the Federal Aviation Administration or any other governmental entity or agency);

(e) if at any time consent is requested or at any time prior to the granting of consent, tenant is in default under the Ground Lease or would be in default under the Ground Lease but for the pendency of a grace or cure period, provided that if such default is cured within such grace or cure period, then Landlord may not continue to withhold its consent solely for this circumstance; or

(f) the proposed assignee does not intend to occupy the entire demised premises as described in the Ground Lease and conduct its business therefrom for a substantial portion of the then remaining term of the Ground Lease.

For purposes hereof and any applicable law, and without limitation as to other grounds for Landlord delaying consent, it shall be deemed to be reasonable for Landlord to delay its consent for a period of 45 days after the receipt by Landlord of all information requested by Landlord regarding or in connection with the proposed assignment and the proposed assignee.

7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

Frost Bank

By: _____
Ken Presley, Senior Vice President

Acknowledged and consented to the _____ day of _____, 20____.

TOWN OF ADDISON, TEXAS

By: _____

By: _____

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001

Combined Meeting

R13

Meeting Date: 02/25/2014

Council Goals: Maintain and enhance our unique culture of creativity and innovation.

AGENDA CAPTION:

Discussion, consider, and take action on a request by Mission Aire, V, L.P., ground tenant to 4400 Westgrove Dr., for the Town’s consent to the creation of a first-lien leasehold mortgage and deed of trust in the sum of \$744,000 to be evidenced by an estoppel letter in favor of the lender, Frost Bank.

FINANCIAL IMPACT:

N/A

BACKGROUND:

Mission Aire, V, L.P., ground tenant of the leasehold interest to 4400 Westgrove Plaza Dr., requests the Town’s consideration and consent to the creation of a first-lien leasehold mortgage and deed of trust in the sum of \$744,000 in favor of the lender, Frost Bank.

The purpose of the loan is to refinance the existing loan and to release its lien with Comerica Bank, the proceeds of which were used for the purpose of constructing or refinancing the building improvements on the site as permitted under the lease.

Airport Management is recommending the Town give its consent thereby authorizing the city manager to execute the estoppel letter on behalf of the Town.

The city attorney has reviewed the proposed estoppel letter and finds it acceptable for the Town’s purposes.

RECOMMENDATION:

The Administration recommends approval.

Attachments

Mission Aire V memo



- MEMORANDUM -

To: Lisa Pyles, Director of Infrastructure, Operations & Services
From: Bill Dyer
CC: Joel Jenkinson, Airport Director
Date: February 14, 2014
Re: Ground Lease #070B; Mission Aire V, L.P. as Ground Tenant to
4400 Westgrove Plaza Drive

Mission Aire, V, L.P., ground tenant of the leasehold interest to 4400 Westgrove Plaza Dr., is requesting the Town's consideration and consent to their creation of a first-lien leasehold mortgage and deed of trust in the sum of \$744,000 to be evidenced by an estoppel letter (to be substantially in the form of the attached) in favor of the lender, Frost Bank. The purpose of the loan is to refinance the existing loan and to cause the release of its lien with Comerica Bank (being that certain Deed of Trust, Security Agreement and Assignment of Rents recorded in the Dallas County, Texas Official Public Records as Instrument #200403050545), the proceeds of which were used for the purpose of constructing the building improvements on the Demised Premises or for the refinancing thereof as permitted under the lease.



Airport Management is recommending the Town give its consent thereby authorizing the city manager to execute the estoppel letter on behalf of the Town.

The city attorney has reviewed the proposed estoppel letter and finds it acceptable for the Town's purposes.

On Bank Letterhead

_____, _____

Town of Addison
P.O. Box 9010
Addison, Texas 75001-9010

RE: Ground Lease dated January 1, 2000 (the "Ground Lease"), by and among the Town of Addison, Texas, a home-rule municipality (the "City", the same being the Town of Addison, Texas) and Addison Airport of Texas, Inc., a Texas corporation, as Landlord (the City now being the sole Landlord under the Ground Lease, the "Base Lease" (as defined in the Ground Lease) having expired, and the City alone being referred to herein as the "Landlord") and Mission Aire V, L.P., a Texas limited partnership as "Tenant"; by which Ground Lease Landlord leases to Tenant certain real property located at 4400 Westgrove Drive at Addison Airport in Dallas County, Texas, as specifically described in the Ground Lease, and being generally described as the "Demised Premises" in the Terms and Conditions set forth in the Ground Lease and so called herein.

Gentlemen:

Frost Bank (the "Bank") intends to make a loan to Mission Aire V, L.P., a Texas Limited Partnership, to refinance its existing loan and cause the release of its lien with Comerica Bank (being that certain Deed of Trust, Security Agreement and Assignment of Rents recorded in the Dallas County, Texas Official Public Records as Instrument #200403050545), the proceeds of which were used for the purpose of constructing certain improvements on the Demised Premises or, for the refinancing thereof), which loan (the "Loan") in the amount of Seven Hundred Forty-Four Thousand Dollars (\$744,000.00) will be secured by, among other things a lien against the leasehold interest of Tenant in the Demised Premises created pursuant to a leasehold deed of trust (the "Leasehold Deed of Trust") to be executed by Tenant to Jimmy R. Locke, as Trustee for the benefit of Bank, which Leasehold Deed of Trust shall be subordinate and inferior to the Ground Lease and Landlord's lien (contractual and statutory) and other rights thereunder and all terms and conditions thereof, which Leasehold Deed of Trust shall be in substantially the form of the Leasehold Deed of Trust attached hereto.

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Ground Lease or otherwise) (when the actual knowledge of the Landlord is referred to herein, the same means the actual knowledge of Bill Dyer, real estate manager for the Addison Airport, with the firm of SAMI Management, Inc.):

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7. To the actual knowledge of Landlord no rent has been paid more than thirty (30) days in advance of its due date.

Very truly yours,

Frost Bank

By: _____
Ken Presley, Senior Vice President

Acknowledged and consented to the _____ day of _____, 20__.

TOWN OF ADDISON, TEXAS

By: _____

By: _____

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

cc: Real Estate Manager
Addison Airport
16051 Addison Road, Suite 220
Addison, Texas 75001