



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

AGENDA

WORK SESSION OF THE CITY COUNCIL

6:00 P.M.

AND

REGULAR MEETING OF THE CITY COUNCIL

7:30 P.M.

MAY 13, 2008

TOWN HALL

5300 BELT LINE ROAD

WORK SESSION

Item #WS1 - Discussion regarding Arbor Foundation.

Item #WS2 – Discussion regarding Hotel Business Support Program.

REGULAR SESSION

Item #R1 - Consideration of Old Business.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:
April 22, 2008, Regular City Council Meeting and Work Session

Item #R3 - Presentation to Wipe Out Kids Cancer.

Item #R4 - Presentation and recognition of Lisa Pyles, Addison Airport Director.

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval.

Item #R5 - Consideration and approval of an ordinance authorizing the issuance of \$34,500,000 Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008; levying a tax, and providing for the security for and payment of said certificates; accepting the best bid therefore and awarding the sale thereof; approving the official statement; enacting other provisions relating to the subject; and declaring an effective date.

Attachments:

1. Council Agenda Item Overview
2. Ordinance
3. Notice of Sale
4. Preliminary Statement

Administrative Recommendation:

Administration recommends approval.

Item #R6 - Discussion and consideration of approval of proposed amendments to Chapters 66 and 82 of the Code of Ordinances related to utility administration and collections for the Town.

Attachment:

1. Council Agenda Item Overview

Administrative Recommendation:

Administration recommends approval.

Item #R7 - Discussion and consideration of approval of appointing a member to the Addison Planning and Zoning Commission.

Administrative Comment:

Roger Chafin's second term on the Planning and Zoning Commission expired on April 25th. He was appointed by Councilmember Niemann.

Item #R8 - **PUBLIC HEARING Case 1555-SUP/Dunkin' Donuts.** Public hearing regarding and consideration of approval of a Special Use Permit for a restaurant, located at 4900 Belt Line Road, Suite 125, on application from Texas Donuts, L.P., represented by Mr. Lesley A. Morgan of the Dimension Group.

Attachments:

1. Docket Map
2. Staff report
3. Plans

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the application from Dunkin' Donuts, subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay

Voting Nay: None

Absent: Wood

Administrative Recommendation:

Administration recommends approval.

Item #R9 - **PUBLIC HEARING** Case 1554-Z/Best Press, Inc. Public hearing regarding and consideration of approval of an ordinance amending an existing Planned Development ordinance (Ordinance 093-057) in order to add an allowed use: book publishing warehouse, and approve development plans, located at 4201 Airborn Drive, on application from Best Press, Inc., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

Attachments:

1. Docket Map
2. Staff report
3. Plans

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the application from Best Press, Inc., subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay

Voting Nay: None

Absent: Wood

Administrative Recommendation:

Administration recommends approval.

Item #R10 - REPLAT/Westgrove and Airborn Addition. Discussion and consideration of approval of a replat of two lots located in Block A, Carroll Estates, one tract located at 4201 Airborn Drive, and the adjoining tract located at the southeast corner of Westgrove Drive and Sojourn Drive, on application from Kalisher Properties, Ltd., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

Attachments:

1. Docket Map
2. Staff report
3. (As this is a denial, plat was not sent. It will be sent out when plat is recommended for approval.)

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend denial of the final plat for Westgrove and Airborn Addition.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay

Voting Nay: None

Absent: Wood

Administrative Recommendation:

Administration recommends denial.

Item #R11 - FINAL PLAT/Lot 3, Block 1, Daseke Addition. Discussion and consideration of approval of a final plat for one lot of 1.332 acres, zoned R-16 (Residential-16) located at 5530 Celestial Road, on application from Don R. Daseke, represented by Mr. David Littleton of Halff Associates.

Attachments:

1. Docket Map
2. Staff report
3. Plat

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the final plat for Daseke Addition, subject to the following conditions:

1. Revise all references of the lot and block number for the platted area to be "Lot 1, Block 1, Daseke Addition No. 2."
2. Label the "Owners Certificate" as such.
3. Change "TOWN OF ADDISON" to "COUNTY OF DALLAS" in the second line of the Owners Certificate.
4. The bearing in the first call of the Owners Certificate does not match the drawing. Please verify.
5. The area identified in the Owners Certificate does not match the drawing. Please verify.
6. Remove the building line.
7. Add a "Drainage & Floodway Easement" at one foot (1') above the 1% annual change floodplain identified in the submitted report.
8. Add a "Certificate of Approval" to be signed by the Mayor and City Secretary.
9. Move the notary block for the owner below to below the owner's signature.
10. Provide a closure sheet.
11. Add a five-foot wide sidewalk easement along the front property line.
12. Rename the plat Lot 1, Block 1, Daseke Addition No. 2

Voting Aye: Bernstein, Chafin, Gaines, Jandura, Lay, Wood

Voting Nay: None

Abstaining: Daseke

Absent: None

Administrative Recommendation:

Administration recommends approval.

Item #R12 - FINAL PLAT/Lots 1R2, 1R3, and 1R4, Block A, Addison Storage Addition. Discussion and consideration of approval of a final plat for one tract of .441 acres, and one tract of .847 acres, located in an Industrial-3 district on the west side of Addison Road, between Glenn Curtiss Drive and Ratliff Road, on application from Addison Storage Associates, represented by Mr. Bruce Myers of T.F. Stone Company.

Attachments:

1. Docket Map
2. Staff report
3. Plat

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the final plat on application from Addison Storage Associates, subject to the following conditions:

1. Please correct the spelling of Glenn Curtiss in the Owner's Certificate.
2. Revise "City of Addison" to read "Town of Addison" in the Owner's Certificate.
3. Add a notary block for the surveyor's certificate.
4. Remove the line going through a portion of the dedication statement.
5. Provide a closure sheet.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay
Voting Nay: None
Absent: Wood

Administrative Recommendation:

Administration recommends approval.

Item #R13 - Discussion and consideration of approval authorizing the City Manager to enter into a developer participation agreement in an amount not to exceed \$1,000,000 with Ashton Dallas Residential LLC for the construction of public streetscape improvements in the Asbury Circle townhome development located generally at the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive within the Town.

Attachments:

1. Council Agenda Item Overview
2. Agreement

Administrative Recommendation:

Administration recommends approval.

Item #R14 - Discussion and consideration of approval to reject bids for roof repairs to the Addison Athletic Club, Theatre Centre and the re-roofing of Surveyor Pump Station.

Attachment:

1. Council Agenda Item Overview
2. Bid Tabulation

Administrative Recommendation:

Administration recommends rejection.

Item #R15 - Discussion and consideration of approval of Resolution R08-008 to participate in the National Flood Insurance Program.

Attachments:

1. Council Agenda Item Overview
2. Resolution

Administrative Recommendation:

Administration recommends approval.

Item #R16 - Discussion and consideration of approval of Change Order No. 1, in the amount of \$38,749.90 and approval of final payment to Northstar Construction, Inc., in the amount of \$205,434.17 for the construction of the Addison Airport Taxiway Sierra Pavement Improvements.

Attachments:

1. Council Agenda Item Overview
2. Change Order Form
3. Final Payment Request

Administrative Recommendation:

Administration recommends approval.

Item #R17 - Consideration and approval of Change Order No. 4, in the amount of \$33,879.52, for various items and approving final payment to JRJ Paving, L.P., in the amount of \$848,106.90 for the Paving and Drainage Improvements to Addison Road.

Attachments:

1. Council Agenda Item Overview
2. Change Order Form
3. Final Payment Request

Administrative Recommendation:

Administration recommends approval.

EXECUTIVE SESSION

Item #ES1 - Closed (executive) session of the Addison City Council, pursuant to Section 551.072, Texas Government Code, to deliberate the purchase, exchange, or value of real property located generally at 15810 and 15812 Addison Road within the Town of Addison.

Item #ES2 - Closed (executive) session of the Addison City Council, pursuant to Section 551.071, Texas Government Code, to conduct a private consultation with its attorney(s) on a matter in which the duty of the attorney(s) to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Texas Government Code, regarding and relating to the taxation of improvements at Addison Airport.

Item #R18 - Discussion and consideration of approval to authorize the City Manager to enter into a contract to purchase certain real property within the Town of Addison and located generally at 15810 and 15812 Addison Road.

Adjourn Meeting

Posted:
May 9, 2008 at 5:00 P.M.
Mario Canizares - City Secretary

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

Council Agenda Item **#WS1**

There are no attachments for this Item.

Council Agenda Item **#WS2**

There are no attachments for this Item.

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
WORK SESSION**

April 22, 2008
6:00 P.M. – Town Hall
5300 Belt Line Road
Upstairs Conference Room

Present: Mayor Chow, Councilmembers Braun, Kraft, Meier, Hirsch, Mellow and Niemann

Absent: None

Work Session

Item #WS1 - Discussion regarding self-serve fueling and pricing.

Lisa Pyles led the discussion. There was no action taken.

Item #WS2 - Discussion regarding Airport Capital Improvement Program Funding Issues.

Lisa Pyles led the discussion. There was no action taken.

Item #WS3 -Discussion regarding adopting the 2006 International Building, Property Maintenance, Electrical, Mechanical, Plumbing, Residential and Fire Prevention and Protection Codes.

Lynn Chandler led the discussion. There was no action taken.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

**OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL
REGULAR SESSION**

April 22, 2008
7:30 P.M. – Town Hall
5300 Belt Line Road
Council Chambers

Present: Mayor Chow, Councilmembers Braun, Hirsch, Kraft, Meier, Mellow and Niemann

Absent: None

Regular Session

Item #R1 - Consideration of Old Business.

The following employees were introduced to the Council: Steve Cerutti with the Public Works Department and Shawn Allen with the Police Department.

Brownie Troop #275 led the Pledge of Allegiance. Troop Leader Pam Thanawalla and Brownies Whitney Wheeler, Rheagan Smith, Turner Hill and Sarah Thanawalla were in attendance.

Item #R2 - Consent Agenda.

#2a - Approval of the Minutes for:

April 7, 2008, Special Meeting and Work Session
April 8, 2008, Regular City Council Meeting and Work Session

Councilmember Braun moved to duly approve the Minutes for:

April 7, 2008, Special Meeting and Work Session
April 8, 2008, Regular City Council Meeting and Work Session Minutes.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R3 - Consideration and approval of a resolution supporting the Dallas Independent School District Bond Election.

Councilmember Meier moved to duly approve Resolution No. R08-007 supporting the Dallas Independent School District Bond Election.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow
Voting Nay: Niemann
Absent: None

Items #R15 and #R16 followed Item #R3.

Item #R15 - Discussion and consideration of an Addison Sustainability Philosophy.

Councilmember Meier moved to duly approve the Addison Sustainability Philosophy Guidelines with the addition of the words "*efficient and*" between the words "*in*" and "*sustainable*."

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R16 - Discussion and consideration of a Planning & Zoning Commission Study on Sustainability as it Relates to Building and Development Standards.

Councilmember Meier made a motion directing the Planning and Zoning Commission to study sustainability as it relates to building and development standards.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R4 - Consideration and approval of a proposal from John Stainback to study the Town's possible participation in the expansion of existing hotels in Addison.

Councilmember Mellow moved to duly approve a proposal from John Stainback to study the Town's possible participation in the expansion of existing hotels in Addison.

Councilmember Hirsch seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R5 - Discussion regarding proposed amendments to Chapters 66 and 82 of the Town's Code of Ordinances related to utility administration and collections for the Town.

Katie Roller led the discussion regarding proposed amendments to Chapters 66 and 82 of the Town's Code of Ordinances related to utility administration and collections for the Town.

There was no action taken.

Item #R6 - Consideration and approval of the award of a bid to Standard Waste Systems in the amount of \$27,409.44 for trash pickup at Town facilities.

Councilmember Kraft moved to duly approve the award of a bid to Standard Waste Systems in the amount of \$27,409.44 for trash pickup at Town facilities.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R7 - Presentation and discussion of the revised Employee Handbook.

Passion Hayes led the discussion of the revised Employee Handbook.

There was no action taken.

Item #R8 - Consideration and approval authorizing the City Manager to enter into the North Central Texas Council of Governments Interlocal Agreement for Solid Waste Implementation and accept the associated grant awarded in the amount of \$69,700.

Councilmember Niemann moved to duly authorize the City Manager to enter into the North Central Texas Council of Governments Interlocal Agreement for Solid Waste Implementation and accept the associated grant awarded in the amount of \$69,700.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R9 - Consideration and approval authorizing the City Manager to enter into a Professional Services Agreement with Brad Goldberg, Inc., in an amount not to exceed \$42,000.00 for Artist's Services for the proposed 1.5 Million Gallon Elevated Storage Tank.

Councilmember Niemann moved to duly authorize the City Manager to enter into a Professional Services Agreement with Brad Goldberg, Inc., in an amount not to exceed \$42,000.00 for Artist's Services for the proposed 1.5 Million Gallon Elevated Storage Tank.

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R10 - Consideration and approval to award a bid to Municipal Utilities, Inc., in the amount of \$219,000 for construction of the Waterview Estates & Grand Addison II Water Service Replacement Project.

Councilmember Kraft moved to duly approve the award of a bid to Municipal Utilities, Inc., in the amount of \$219,000 for construction of the Waterview Estates & Grand Addison II Water Service Replacement Project.

Councilmember Hirsch seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item # R11 - Discussion and consideration of approval of a Resolution of intent to participate in the National Flood Insurance Program.

Councilmember Braun moved to duly approve Resolution No. R08-008 of intent to participate in the National Flood Insurance Program.

Councilmember Niemann seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R12 - Consideration and approval of an Estoppel Agreement by the Town of Addison to and in favor of Concourse Plaza II, LTD., Ground Lease 0950-5101, on Addison Airport.

Councilmember Niemann moved to duly approve an Estoppel Agreement by the Town of Addison to and in favor of Concourse Plaza II, LTD., Ground Lease 0950-5101, on Addison Airport, subject to City Attorney review.

Councilmember Braun seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Item #R13 - Discussion and consideration of appointment of members and alternates to the Board of Zoning Adjustment.

Carmen Moran led the discussion regarding appointment of members and alternates to the Board of Zoning Adjustment.

There was no action taken.

Item #R14 - Consideration and approval of adopting the ordinances for the 2006 International Building, Property Maintenance, Electrical, Mechanical, Plumbing, Residential and Fire Prevention and Protection Codes.

Councilmember Niemann moved to duly approve the adoption of the ordinances for the 2006 International Building, Property Maintenance, Electrical, Mechanical, Plumbing, Residential and Fire Prevention and Protection Codes as follows:

1. Ordinance No. 008-007-International Building Code
2. Ordinance No. 008-008-International Property Maintenance Code
3. Ordinance No. 008-009-International Code Council Electrical Code
4. Ordinance No. 008-010-International Mechanical Code
5. Ordinance No. 008-011-International Plumbing Code
6. Ordinance No. 008-012-International Residential Code
7. Ordinance No. 008-013-International Fire Prevention and Protection Code

Councilmember Mellow seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Meier, Mellow, Niemann
Voting Nay: None
Absent: None

Items #R15 and #R16 were moved to follow Item #R3.

At 10:45 P.M., Mayor Chow announced that Council would convene into Executive Session to discuss the following Item:

Item #ES1- Closed (Executive) session of the Addison City Council, pursuant to Section 551.074, Tex. Gov. Code, to deliberate the evaluation of the City Manager.

The Council came out of Executive Session at 11:45 P.M.

Item #R17 - Discussion and consideration of approval of a resolution regarding compensation for the City Manager.

Councilmember Niemann moved to duly approve Resolution R08-009 approving compensation for the City Manager.

Councilmember Hirsch seconded. Motion carried.

Voting Aye: Chow, Braun, Hirsch, Kraft, Mallory, Mellow, Niemann

Voting Nay: None

Absent: None

There being no further business before the Council, the meeting was adjourned.

Mayor-Joe Chow

Attest:

City Secretary-Mario Canizares

ITEM #R3

There are no Attachments for this Item.

Council Agenda Item:#R4

SUMMARY:

Presentation and recognition to Lisa Pyles, Addison Airport Director.

BACKGROUND:

Lisa Pyles, Addison Airport Director, was recently presented the American Association of Airport Executives (AAAE) South Central Chapter's "2008 President's Award" in Recognition of her continued support of aviation professionalism by her leadership and service to the Accreditation Academy and serving as Chair of the National General Aviation Committee. This is the second year in a row that Lisa has received this prestigious award.

Staff is very proud of Lisa and her accomplishments and is very appreciative of the way in which she represents and promotes the Town of Addison and Addison Airport both locally and on a national level.

Council Agenda Item: #R5

SUMMARY:

Council approval is requested of an ordinance authorizing the issuance of \$34,500,000 Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008.

FINANCIAL IMPACT:

At the March 25, 2008 meeting, council approved a resolution giving notice of intent to issue \$34.5 million of certificates of obligation to fund improvements associated with the UDR Vitruvian development. As related to the council, the debt has three components.

The first component is the amount needed to fund the infrastructure associated with the UDR project. Through its agreement with UDR, the Town has committed to fund \$23,290,007 in public improvements for the first phases of development. This amount, plus the costs of issuing the debt, has been rounded up to \$23,500,000. Assuming a 25-year maturity and a 4.6% annual interest rate, the annual debt service associated with this component will average \$1,638,560. Assuming the Town's existing tax rate and taxable property values, the net additional tax rate needed to service this debt (and the \$16.6 million of the second funding) will be as high as 4.8¢. As the buildings associated with the UDR development are completed and become taxable, the net tax rate related to this component of the debt will eventually decline to zero and the development will begin providing a net financial benefit to the Town.

The second component of the debt is a \$6 million issue that will fund the acquisition of two pieces of property. One piece is a parcel of property needed for road realignment associated with the UDR development. The second piece is located on Addison road near the Addison Conference and Theatre Centre. It was assumed at that time that the Town would have to issue a separate series of certificates in order to have the flexibility of selling a portion of the property at some future time. However, our legal counsel, Vinson & Elkins, now informs us that the Internal Revenue Service has a five percent de minimus allowance for cities to sale property associated with bond proceeds. Because the area of property the Town would consider selling (and staff believes this is an unlikely event) is valued at less than \$200,000, this amount is well within the allowance, and therefore no separation of debt issuance is needed. Assuming a 25-year maturity and a 4.6% interest rate, the average annual debt service is estimated to be \$410,000. This debt service will require an approximate tax rate of 1.2¢.

The third component is a \$5 million issue for a second overhead water storage facility. With a 20-year maturity and 4.6% interest rate assumption, the average annual debt service is expected to be \$407,780, which will be paid from the Utility fund. This debt has been back-loaded as much as possible until after 2013, when the majority of the Utility fund rolls off. Attached to this memo are various schedules relating to the contemplated debt issue.

BACKGROUND:

The Town has approved the Master Facilities Agreement with UDR and is now committed to provide the first phase of infrastructure improvements. Attached is the ordinance authorizing the issuance, the preliminary official statement of the issuance, and the notice of instructions to bidders.

RECOMMENDATION:

It is recommended Council approve the ordinance.

ORDINANCE

relating to

\$34,500,000
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2008

Adopted: May 13, 2008

Dated: May 1, 2008

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EXHIBIT A - Description of Annual Disclosure of Financial Information

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$34,500,000 TOWN OF ADDISON, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008; LEVYING A TAX, AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID CERTIFICATES; ACCEPTING THE BEST BID THEREFOR AND AWARDING THE SALE THEREOF; 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 in the amount of \$34,500,000 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 the regularly scheduled May 13, 2008 council meeting; 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 2008,” in the aggregate principal amount of \$34,500,000.

“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.

“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, 2009.

“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.

“NRMSIR” means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

“Ordinance” means this Ordinance.

“Original Issue Date” means the initial date from which interest on the Certificates accrues and which is designated in Section 3.02.

“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 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 2008, 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 2008" (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 \$34,500,000 for the following purposes, to wit: (i) water, sewer, drainage, park and street improvements including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way in connection therewith, relating to the Brookhaven redevelopment project (generally located at a 100 acre site in west Addison, north of LBJ Freeway along Brookhaven Club Drive near Brookhaven College), the intersection of Brookhaven Club Drive and Spring Valley Road and other areas of the Town as determined necessary by the City Council; (ii) acquisition and construction of a water tower for the Town; (iii) acquisition of land located at 15810 and 15812 Addison Road for construction of a connector street to Addison Circle and related street improvements, and to use for municipal storage and/or public parking and such other uses as may be determined by the City Council (collectively with (i) and (ii), the “Project”) and (iv) 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 May 1, 2008. 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> |
|--------------|-------------------------|----------------------|--------------|-------------------------|----------------------|
| 2009 | | | 2022 | | |
| 2010 | | | 2023 | | |
| 2011 | | | 2024 | | |
| 2012 | | | 2025 | | |
| 2013 | | | 2026 | | |
| 2014 | | | 2027 | | |
| 2015 | | | 2028 | | |
| 2016 | | | 2029 | | |
| 2017 | | | 2030 | | |
| 2018 | | | 2031 | | |
| 2019 | | | 2032 | | |
| 2020 | | | 2033 | | |
| 2021 | | | | | |

(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, 2009, 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 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, 2019 in whole or any part, before their respective scheduled maturity dates, on February 15, 2018 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. 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 4.04. 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 4.05. 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 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 4.06. 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 4.07. 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 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 2008

INTEREST RATE: MATURITY DATE: ORIGINAL DATE: CUSIP NUMBER:
_____ % February 15, _____ May 1, 2008 _____

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 Certificate 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, 2009.

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 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 \$34,500,000 (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, 2019, in whole or in part, before their respective scheduled maturity dates, on February 15, 2018, 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.

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.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate 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 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:

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.

Authorized Signatory

(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> |
|-------------|-------------------------|----------------------|
|-------------|-------------------------|----------------------|

(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 Service Bureau Division of Standard & Poor’s Corporation, a Division of the McGraw-Hill Companies, New York, New York, 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 Vinson & Elkins 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 for public sale and bids having been received pursuant thereto, are hereby sold to _____ (the “Purchaser”) for a price equal to the principal amount thereof plus interest accrued thereon to the Closing Date being the bid submitted which produced the lowest true interest rate to the Town. The Certificates shall be initially registered in the name of the Purchaser or its designee.

(b) The form and substance of the Official Notice of Sale and the Preliminary Official Statement, dated April 30, 2008 and any addenda, supplement or amendment thereto, and the final Official Statement (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted and 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 of the Town are hereby authorized and directed to execute the same 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 of the Town 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, and to make such elections with respect to the tax-exempt status of Certificates, as they may deem appropriate in order to consummate the delivery of the Certificates in accordance with the provisions and terms of the Notice of Sale and Bidding Instructions and this Ordinance. Further, in connection with the submission of the record of proceedings for the Notes to the Attorney General of the State of Texas for examination and approval of such Notes, the appropriate officer of the City is hereby authorized and directed to issue a check of the City 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 not to exceed \$9,500).

(d) The obligation of the purchaser identified in subsection (a) of this Section to accept delivery of the Certificates is subject to such purchaser being furnished with the final, approving opinion of Vinson & Elkins L.L.P., 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 initial purchasers 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, plus _____ representing premium on the Certificates, shall be deposited to the Interest and Sinking Fund.

(b) Second: The remaining balance received on the Closing Date, including premium in the amount of \$_____ that will be used to pay costs of issuance, 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.

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.

(a) The Town shall provide annually to each NRMSIR and to any SID, 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. 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 each NRMSIR and any SID. The Town shall provide audited financial statements for the applicable fiscal year to each NRMSIR and to any SID when and if audited financial statements become available.

(b) If the Town changes its fiscal year, it will notify each NRMSIR and any SID 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 each NRMSIR and any SID or filed with the SEC.

Section 12.02. Material Event Notices.

(a) The Town shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Certificates, if such event is material within the meaning of the federal securities laws:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (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 Certificates;
- (vii) modifications to rights of Owners;
- (viii) redemption calls;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Certificates; and
- (xi) rating changes.

(b) The Town shall notify any SID and either each NRMSIR or 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 Certificates within the meaning of the Rule, except that the Town in any event will 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

EFFECTIVENESS

Section 13.01. Effectiveness.

This Ordinance shall take effect immediately from and after its passage.

APPROVED AND ADOPTED this _____, 2008.

Mayor, Town of Addison, Texas

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 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.

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

**\$34,500,000
TOWN OF ADDISON, TEXAS
(Dallas County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008**

Sealed Bids Due Tuesday, May 13, 2008, at 11:00 AM, CDT

THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING. . . The Town of Addison, Texas (the "City") is offering for sale its \$34,500,000 Combination Tax and Revenue Certificates of Obligation, Series 2008 (the "Certificates"). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Deliver bids directly to the Town as described below in "Bids Delivered to the Town;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

BIDS DELIVERED TO CITY . . . Sealed bids, plainly marked "Bid for Certificates," should be addressed to "Mayor and Town Council, Town of Addison, Texas," and delivered to the Town's Financial Advisor at 777 Main Street, Suite 1200, Fort Worth, Texas 76102, prior to 11:00 AM, CDT, on the date of the sale.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The Town will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Town. The Town shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For purposes of the bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the Town, as described under "Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit, prior to May 13, 2008, SIGNED Official Bid Forms to David Medanich, First Southwest Company, 777 Main Street, Suite 1200, Fort Worth, Texas 76102, and submit their bid by telephone or facsimile (fax) on the date of the sale.

Telephone bids will be accepted at (817) 332-9710, between 10:00 AM, CDT and 11:00 AM, CDT on the date of the sale.

Fax bids will be received between 10:00 AM, CDT and 11:00 AM, CDT, on the date of the sale at (817) 336-5572, attention: Gloria Lindsey.

First Southwest Company will not be responsible for submitting any bids received after the above deadlines.

The Town and First Southwest Company are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis.

First Southwest Company assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if any options are exercised.

PLACE AND TIME OF BID OPENING. . . The bids for the Certificates will be publicly opened and read at the offices of the Financial Advisor, 777 Main Street, Suite 1200, Fort Worth, Texas, at 11:00 AM, CDT, Tuesday, May 13, 2008.

AWARD OF THE CERTIFICATES . . . The Town Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 7:30 PM, CDT, on the date of the bid opening, and adopt an ordinance authorizing the Certificates and approving the Official Statement (the "Certificate Ordinance").

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated May 1, 2008 (the "Dated Date"). Interest will accrue from the Dated Date and will be due on February 15, 2009, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on February 15 in each year as follows:

MATURITY SCHEDULE

| <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Year</u> | <u>Principal Amount</u> |
|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|
| 2009 | \$ 55,000 | 2018 | \$ 1,315,000 | 2026 | \$ 1,905,000 |
| 2010 | 140,000 | 2019 | 1,380,000 | 2027 | 1,995,000 |
| 2011 | 145,000 | 2020 | 1,445,000 | 2028 | 2,090,000 |
| 2012 | 780,000 | 2021 | 1,510,000 | 2029 | 1,715,000 |
| 2013 | 820,000 | 2022 | 1,585,000 | 2030 | 1,795,000 |
| 2014 | 1,095,000 | 2023 | 1,660,000 | 2031 | 1,880,000 |
| 2015 | 1,150,000 | 2024 | 1,735,000 | 2032 | 1,965,000 |
| 2016 | 1,205,000 | 2025 | 1,820,000 | 2033 | 2,060,000 |
| 2017 | 1,255,000 | | | | |

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as Serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more Term Certificates.

MANDATORY SINKING FUND . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Certificates into Term Certificates, such Term Certificates shall be subject to mandatory redemption on the first February 15 next following the last maturity for Serial Certificates, and annually thereafter on each February 15 until the stated maturity for the Term Certificates at the redemption prices of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no conversion to Term Certificates occurred. At least thirty (30) days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Certificates to be redeemed and cause a notice of redemption to be given in the manner provided in the Official Statement.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the Town, by the principal amount of the Term Certificates of the same maturity which (i) shall have been acquired by the Town 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 and not theretofore credited against a mandatory redemption requirement.

A final official statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

BOOK-ENTRY-ONLY SYSTEM . . . The Town intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"). See "The Certificates - Book-Entry-Only System" in the Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Trust Company, National Association, Dallas, Texas (see "The Certificates - Paying Agent/Registrar" in the Official Statement).

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the Town, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, levied, within the limits prescribed by law, on all taxable property within the Town, and (ii) a limited pledge (not to exceed \$1,000) of surplus net revenues of the Town's Waterworks and Sewer System, as provided in the Certificate Ordinance.

Further details regarding the Certificates are set forth in the Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block on an "All or None" basis, and at a price of not less than their par and not more than 100.5% of their par value plus accrued interest from the date of the Certificates to the date of delivery of the Certificates. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.0% in rate. **For Certificates having stated maturities on and after February 15, 2019, no reoffering yield producing a dollar price less than 98.00 for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award.** No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Certificates of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS FOR AWARD . . . Subject to the Town's right to reject any or all bids and to waive irregularities except for time of filing, the sale of the Certificates will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the Town. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the official bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "Town of Addison, Texas," in the amount of \$690,000.00, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the Town pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the Town prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then said check shall be cashed and accepted by the Town as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Certificates has been made.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the Town; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF CERTIFICATES . . . Initial Delivery will be accomplished by the issuance of one Initial Certificate (also called the "Certificate" or "Certificates"), either in typed or printed form, in the aggregate principal amount of \$34,500,000, payable in stated installments to the Initial Purchaser or its designee, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately canceled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Certificates must be made in immediately available funds for unconditional credit to the Town, or as otherwise directed by the Town. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about June 18, 2008, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on June 18, 2008, or thereafter on the date the Certificate is tendered for delivery, up to and including July 2, 2008. If for any reason the Town is unable to make delivery on or before July 2, 2008, the Town shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the Town and the Initial Purchaser shall be relieved of any further obligation. In no event shall the Town be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the Town's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of Vinson & Elkins L.L.P., Dallas, Texas, Bond Counsel for the Town ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Official Statement.

To provide the Town with information to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from gross income for federal income tax purposes, the Initial Purchaser will be required to complete, execute, and deliver to the Town (on or before the 6th business day prior to the delivery of the Certificates) a

certification regarding "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder will not reoffer the Certificates for sale or has not sold a substantial amount of certificates of any maturity by the date of delivery, such certificate may be modified in a manner approved by the Town. **In no event will the Town fail to deliver the Certificates as a result of the Initial Purchaser's inability to certify actual sales of Certificates at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Certificates, if its bid is accepted by the Town. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of the opinion of Bond Counsel substantially in the form reproduced in Appendix C to the Official Statement, to the effect that based upon an examination of a transcript of certified proceedings of the Town relating to the authorization and issuance of the Certificates, the Certificates are valid and binding obligations of the Town and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" in the Official Statement, including the alternative minimum tax on corporations.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Certificates, the Town will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Official Statement.

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . First Southwest Company is employed as Financial Advisor to the Town in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. First Southwest Company may submit a bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. First Southwest Company, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The Town agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the Town shall not be obligated to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form, and the Official Statement. Prospective purchasers are urged to carefully examine the Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The Town does not anticipate the issuance of additional tax debt within the next six months.

RATINGS . . . The presently outstanding tax supported debt of the Town is rated "Aa3" by Moody's Investors Service, Inc. ("Moody's") and "AA" by Standard & Poor's Ratings Services, A Division of McGraw-Hill Companies, Inc. ("S&P"). The Town also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for contract ratings on this issue have been made to Moody's and S&P. The result of their determinations will be provided as soon as possible.

MUNICIPAL BOND INSURANCE . . . In the event the Certificates are qualified for municipal bond insurance, and the Initial Purchaser desires to purchase such insurance, the cost will be paid by the Initial Purchaser. Any fees to be paid to the rating agencies as a result of said insurance will be paid by the Town. It will be the responsibility of the Initial Purchaser to disclose the existence of insurance, its terms, and the effect thereof with respect to the reoffering of the Certificates.

THE OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The Town has prepared the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the Town, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the Town concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The Town will furnish to the Initial Purchaser, acting through a designated senior representative, in accordance with instructions received from the Initial Purchaser, within seven (7) business days from the sale date an aggregate of 100 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Certificates. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser. The Initial Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the Town assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the subject securities.

CONTINUING DISCLOSURE AGREEMENT . . . The Town will agree in the Certificate Ordinance to provide certain periodic information and notices of material events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Official Statement under "Continuing Disclosure of Information." The Initial Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Initial Purchaser or agent of a certified copy of the Certificate Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the Town has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

ADDITIONAL COPIES OF NOTICE, BID FORM, AND STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form, and the Official Statement, as available over and above the normal mailing, may be obtained at the offices of First Southwest Company, Investment Bankers, 325 North St. Paul, Suite 800, Dallas, Texas 75201, Financial Advisor to the Town.

On the date of the sale, the Town will, in the Certificate Ordinance authorizing the issuance of the Certificates, confirm its approval of the form and content of the Official Statement, and any addenda, supplement, or amendment thereto, and authorize its use in the reoffering of the Certificates by the Initial Purchaser.

JOE CHOW
Mayor
Town of Addison, Texas

ATTEST:

MARIO CANIZARES
Town Secretary

April 30, 2008

BOND YEARS

| <u>Bonds Maturing</u> | <u>Amount</u> | <u>Bond Years</u> | <u>Accumulated Bond Years</u> | <u>Bonds Maturing</u> |
|---------------------------|---------------|-------------------|-----------------------------------|---------------------------|
| 2009 | \$ 55,000 | 43.389 | 43.389 | 2009 |
| 2010 | 140,000 | 250.444 | 293.833 | 2010 |
| 2011 | 145,000 | 404.389 | 698.222 | 2011 |
| 2012 | 780,000 | 2,955.333 | 3,653.556 | 2012 |
| 2013 | 820,000 | 3,926.889 | 7,580.444 | 2013 |
| 2014 | 1,095,000 | 6,338.833 | 13,919.278 | 2014 |
| 2015 | 1,150,000 | 7,807.222 | 21,726.500 | 2015 |
| 2016 | 1,205,000 | 9,385.611 | 31,112.111 | 2016 |
| 2017 | 1,255,000 | 11,030.056 | 42,142.167 | 2017 |
| 2018 | 1,315,000 | 12,872.389 | 55,014.556 | 2018 |
| 2019 | 1,380,000 | 14,888.667 | 69,903.222 | 2019 |
| 2020 | 1,445,000 | 17,034.944 | 86,938.167 | 2020 |
| 2021 | 1,510,000 | 19,311.222 | 106,249.389 | 2021 |
| 2022 | 1,585,000 | 21,855.389 | 128,104.778 | 2022 |
| 2023 | 1,660,000 | 24,549.556 | 152,654.333 | 2023 |
| 2024 | 1,735,000 | 27,393.722 | 180,048.056 | 2024 |
| 2025 | 1,820,000 | 30,555.778 | 210,603.833 | 2025 |
| 2026 | 1,905,000 | 33,887.833 | 244,491.667 | 2026 |
| 2027 | 1,995,000 | 37,483.833 | 281,975.500 | 2027 |
| 2028 | 2,090,000 | 41,358.778 | 323,334.278 | 2028 |
| 2029 | 1,715,000 | 35,652.944 | 358,987.222 | 2029 |
| 2030 | 1,795,000 | 39,111.056 | 398,098.278 | 2030 |
| 2031 | 1,880,000 | 42,843.111 | 440,941.389 | 2031 |
| 2032 | 1,965,000 | 46,745.167 | 487,686.556 | 2032 |
| 2033 | 2,060,000 | 51,065.111 | 538,751.667 | 2033 |

Average Maturity 15.616 Years

OFFICIAL BID FORM

Honorable Mayor and City Council
Town of Addison, Texas

May 13, 2008

Honorable Mayor and Members of the Town Council:

Reference is made to your Official Statement and Notice of Sale and Bidding Instructions, dated April 30, 2008 of \$34,500,000 TOWN OF ADDISON, TEXAS COMBINATION TAX REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008, both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Official Statement, we will pay you par and accrued interest from date of issue to date of delivery to us, plus a cash premium of \$_____ (not to exceed \$172,500) for Certificates maturing and bearing interest as follows:

| <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-----------------|-------------------------|----------------------|-----------------|-------------------------|----------------------|-----------------|-------------------------|----------------------|
| 2/15/2009 | \$ 55,000 | % | 2/15/2018 | \$ 1,315,000 | % | 2/15/2026 | \$ 1,905,000 | % |
| 2/15/2010 | 140,000 | % | 2/15/2019 | 1,380,000 | % | 2/15/2027 | 1,995,000 | % |
| 2/15/2011 | 145,000 | % | 2/15/2020 | 1,445,000 | % | 2/15/2028 | 2,090,000 | % |
| 2/15/2012 | 780,000 | % | 2/15/2021 | 1,510,000 | % | 2/16/2028 | 1,715,000 | % |
| 2/15/2013 | 820,000 | % | 2/15/2022 | 1,585,000 | % | 2/17/2028 | 1,795,000 | % |
| 2/15/2014 | 1,095,000 | % | 2/15/2023 | 1,660,000 | % | 2/18/2028 | 1,880,000 | % |
| 2/15/2015 | 1,150,000 | % | 2/15/2024 | 1,735,000 | % | 2/19/2028 | 1,965,000 | % |
| 2/15/2016 | 1,205,000 | % | 2/15/2025 | 1,820,000 | % | 2/20/2028 | 2,060,000 | % |
| 2/15/2017 | 1,255,000 | % | | | | | | |

Of the principal maturities set forth in the table above, term certificates have been created as indicated in the following table (which may include multiple term certificates, one term certificate or no term certificate if none is indicated). For those years which have been combined into a term certificate, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term certificate maturity date shall mature in such year. The term certificates created are as follows:

| <u>Maturity Date</u> <u>February 15</u> | <u>Year of</u> <u>First Mandatory</u> <u>Redemption</u> | <u>Principal</u> <u>Amount</u> | <u>Interest</u> <u>Rate</u> |
|--|---|-----------------------------------|--------------------------------|
| _____ | _____ | \$ _____ | _____ % |
| _____ | _____ | \$ _____ | _____ % |
| _____ | _____ | \$ _____ | _____ % |
| _____ | _____ | \$ _____ | _____ % |
| _____ | _____ | \$ _____ | _____ % |
| _____ | _____ | \$ _____ | _____ % |

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST RATE _____%

We are having the Certificates of the following maturities _____ insured by _____ at a premium of \$_____, **said premium to be paid by the Initial Purchaser.** Any fees to be paid to the rating agencies as a result of said insurance **will be paid by the Town.**

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$690,000.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Initial Certificate in immediately available funds in the Corporate Trust Division, The Bank of New York Trust Company, National Association, Dallas, Texas, not later than 10:00 AM, CDT, on June 18, 2008, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the Town, at least six business days prior to delivery of the Certificates, a certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the Town.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Town of Addison, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 13th day of May, 2008.

ATTEST:

Mayor
Town of Addison, Texas

City Secretary

CERTIFICATE OF UNDERWRITER

The undersigned hereby certifies as follows with respect to the bid and purchase of the \$34,500,000 TOWN OF ADDISON, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008 (the "Certificates"):

1. The undersigned is the duly authorized representative of the purchaser (the "Purchaser") of the Certificates from the Town of Addison, Texas (the "Issuer").
2. All of the Certificates have been offered to members of the public in a bona fide initial offering. For purposes of this Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or are acting on behalf of or as agents for the undersigned or members of the selling group).
3. Each maturity of the Certificates was offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.
4. Other than the obligations set forth in paragraph 5 hereof (the "Retained Maturity" or "Retained Maturities"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Certificates was sold to the public is set forth below.

| Principal Amount <u>Maturing</u> | Year of Maturity | Offering Price (%/Yield) | Principal Amount <u>Maturing</u> | Year of Maturity | Offering Price (%/Yield) |
|--|---------------------|--------------------------------|--|---------------------|--------------------------------|
| \$ 55,000 | 2009 | _____ | \$ 1,585,000 | 2022 | _____ |
| 140,000 | 2010 | _____ | 1,660,000 | 2023 | _____ |
| 145,000 | 2011 | _____ | 1,735,000 | 2024 | _____ |
| 780,000 | 2012 | _____ | 1,820,000 | 2025 | _____ |
| 820,000 | 2013 | _____ | 1,905,000 | 2026 | _____ |
| 1,095,000 | 2014 | _____ | 1,995,000 | 2027 | _____ |
| 1,150,000 | 2015 | _____ | 2,090,000 | 2028 | _____ |
| 1,205,000 | 2016 | _____ | 1,715,000 | 2029 | _____ |
| 1,255,000 | 2017 | _____ | 1,795,000 | 2030 | _____ |
| 1,315,000 | 2018 | _____ | 1,880,000 | 2031 | _____ |
| 1,380,000 | 2019 | _____ | 1,965,000 | 2032 | _____ |
| 1,445,000 | 2020 | _____ | 2,060,000 | 2033 | _____ |
| 1,510,000 | 2021 | _____ | | | _____ |

5. In the case of the Retained Maturities, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

| Principal Amount <u>Maturing</u> | Year of Maturity | Offering Price (%/Yield) | Principal Amount <u>Maturing</u> | Year of Maturity | Offering Price (%/Yield) |
|--|---------------------|--------------------------------|--|---------------------|--------------------------------|
| \$ 55,000 | 2009 | _____ | \$ 1,585,000 | 2022 | _____ |
| 140,000 | 2010 | _____ | 1,660,000 | 2023 | _____ |
| 145,000 | 2011 | _____ | 1,735,000 | 2024 | _____ |
| 780,000 | 2012 | _____ | 1,820,000 | 2025 | _____ |
| 820,000 | 2013 | _____ | 1,905,000 | 2026 | _____ |
| 1,095,000 | 2014 | _____ | 1,995,000 | 2027 | _____ |
| 1,150,000 | 2015 | _____ | 2,090,000 | 2028 | _____ |
| 1,205,000 | 2016 | _____ | 1,715,000 | 2029 | _____ |
| 1,255,000 | 2017 | _____ | 1,795,000 | 2030 | _____ |
| 1,315,000 | 2018 | _____ | 1,880,000 | 2031 | _____ |
| 1,380,000 | 2019 | _____ | 1,965,000 | 2032 | _____ |
| 1,445,000 | 2020 | _____ | 2,060,000 | 2033 | _____ |
| 1,510,000 | 2021 | _____ | | | _____ |

6. Please choose the appropriate statement:

The Purchaser will not purchase bond insurance for the Certificates.

The Purchaser will purchase bond insurance from _____ (the "Insurer") for a fee/premium of \$ _____ (the "Fee"). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Certificates and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Certificates to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Certificates. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Certificates. In determining present value for this purpose, the yield of the Certificates (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Certificates in an amount which would exceed the portion of such Fee that has not been earned.

7. The Purchaser understands that the statements made herein will be relied upon, by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Bond Counsel in rendering their opinion that the interest on the Certificates is excludable from the gross income of the owners thereof.

EXECUTED and DELIVERED this _____ day of _____, 2007.

(Name of Underwriter or Manager)

By _____

(Title)

PRELIMINARY OFFICIAL STATEMENT

Dated April 30, 2008

**Ratings:
Moody's: "Applied For"
S&P: "Applied For"
("Other Information –
Ratings" herein)**

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates is excludable from gross income for federal income tax purposes under existing law and the Certificates are not private activity bonds. See "TAX MATTERS - Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**\$34,500,000
TOWN OF ADDISON, TEXAS
(Dallas County)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATIONS, SERIES 2008**

Dated Date: May 1, 2008

Due: February 15, as shown below

PAYMENT TERMS. . . Interest on the \$34,500,000 Town of Addison, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008 (the "Certificates") will accrue from May 1, 2008, (the "Dated Date") and will be payable February 15 and August 15 of each year commencing February 15, 2009, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "The CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Trust Company, National Association, Dallas, Texas (see "The Certificates - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") particularly Subchapter C of Chapter 271, Texas Local Government Code , as amended, and an ordinance adopted by the City Council and constitute direct obligations of the Town of Addison, Texas (the "Town"), payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the Town, and (ii) a limited pledge (not to exceed \$1,000) of surplus revenues of the Town's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates (the "Ordinance") (see "The CERTIFICATES - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for the purpose of constructing improvements, to wit: (i) water, sewer, drainage, park and street improvements including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way; (ii) acquisition and construction of a water tower; (iii) acquisition of land for street and other municipal purposes (collectively with items (i) and (ii), the "Project") and (iv) payment of professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

MATURITY SCHEDULE

CUSIP⁽¹⁾ Prefix: 006644

| Amount | Maturity | Rate | Yield | CUSIP Suffix ⁽¹⁾ | Amount | Maturity | Rate | Yield | CUSIP Suffix ⁽¹⁾ |
|-----------|----------|------|-------|--------------------------------|--------------|----------|------|-------|--------------------------------|
| \$ 55,000 | 2009 | | | | \$ 1,585,000 | 2022 | | | |
| 140,000 | 2010 | | | | 1,660,000 | 2023 | | | |
| 145,000 | 2011 | | | | 1,735,000 | 2024 | | | |
| 780,000 | 2012 | | | | 1,820,000 | 2025 | | | |
| 820,000 | 2013 | | | | 1,905,000 | 2026 | | | |
| 1,095,000 | 2014 | | | | 1,995,000 | 2027 | | | |
| 1,150,000 | 2015 | | | | 2,090,000 | 2028 | | | |
| 1,205,000 | 2016 | | | | 1,715,000 | 2029 | | | |
| 1,255,000 | 2017 | | | | 1,795,000 | 2030 | | | |
| 1,315,000 | 2018 | | | | 1,880,000 | 2031 | | | |
| 1,380,000 | 2019 | | | | 1,965,000 | 2032 | | | |
| 1,445,000 | 2020 | | | | 2,060,000 | 2033 | | | |
| 1,510,000 | 2021 | | | | | | | | |

(Accrued Interest from May 1, 2008 to be added)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

OPTIONAL REDEMPTION. . . The Town reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - Optional Redemption").

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Vinson & Elkins L.L.P., Bond Counsel, Dallas, Texas (see APPENDIX C, "Form of Bond Counsel's Opinion").

DELIVERY. . . It is expected that the Certificates will be available for delivery through The Depository Trust Company on June 18, 2008.

SEALED BIDS DUE TUESDAY, MAY 13, 2008, AT 11:00 AM, CDT

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c 2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the Town with respect to the Certificates that has been "deemed final" by the Town as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the Town and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise or guarantee of the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town or other matters described herein since the date hereof. See "OTHER INFORMATION - Continuing Disclosure of Information" for a description of the Town's undertaking to provide certain information on a continuing basis.

Neither the Town nor its Financial Advisors make any representation as to the accuracy, completeness, or adequacy of the information supplied by the Depository Trust Company for use in this Official Statement.

The Certificates are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Certificates in accordance with applicable securities law provisions of the jurisdiction in which these securities have been registered or exempted should not be regarded as a recommendation thereof.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE TOWN..... The Town of Addison is a political subdivision and municipal corporation of the State, located in Dallas County, Texas. The Town covers approximately 4.4 square miles (see "INTRODUCTION - Description of Town").

THE CERTIFICATES The Certificates are issued as \$34,500,000 Combination Tax and Revenue Certificates of Obligation, Series 2008. The Certificates are issued as serial certificates maturing February 15, 2009 through February 15, 2033, unless the Initial Purchaser designates one or more maturities as a Term Certificate (see "THE CERTIFICATES – Description of the Certificates").

PAYMENT OF INTEREST Interest on the Certificates accrues from May 1, 2008, and is payable February 15, 2009, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates," and "THE CERTIFICATES - Optional Redemption").

AUTHORITY FOR ISSUANCE..... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code , as amended, and an Ordinance passed by the City Council of the Town (see "THE CERTIFICATES - Authority for Issuance").

SECURITY FOR THE

CERTIFICATES The Certificates constitute direct obligations of the Town, payable from a combination of (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the Town, and (ii) a limited pledge (not to exceed \$1,000) of surplus revenues of the Town's Waterworks and Sewer System (see "THE CERTIFICATES - Security and Source of Payment").

OPTIONAL REDEMPTION The Town reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

TAX EXEMPTION..... In the opinion of Bond Counsel, interest on the Certificates is excludable from gross income for federal income tax purposes under existing law, and the Certificates are not private activity bonds. See "TAX MATTERS" herein for a description of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

USE OF PROCEEDS..... Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for the purpose of constructing improvements , to wit: (i) water, sewer, drainage, park and street improvements including sidewalks, street lighting, landscaping, extensions and relocations, and acquisition of land and rights-of-way; (ii) acquisition and construction of a water tower; (iii) acquisition of land for street and other municipal purposes (collectively with items (i) and (ii), the "Project") and (iv) payment of professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

RATINGS The presently outstanding tax supported debt of the Town is rated "Aa3" by Moody's Investors Service, Inc. ("Moody's") and "AA" by Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies ("S&P"). The Town also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for contract ratings on the Certificates have been made to both Moody's and S&P. The results of their determinations will be provided as soon as possible.

BOOK-ENTRY-ONLY SYSTEM..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "The Certificates - Book-Entry-Only System").

PAYMENT RECORD The Town has never defaulted in payment of its general obligation debt.

SELECTED FINANCIAL INFORMATION

| Fiscal Year Ended 9/30 | Estimated City Population ⁽¹⁾ | Taxable Assessed Valuation | Per Capita Taxable Assessed Valuation | Net Funded Tax Debt Outstanding ⁽²⁾ | Per Capita Funded Tax Debt | Ratio Funded | |
|------------------------|--|----------------------------|---------------------------------------|--|----------------------------|------------------------------------|--|
| | | | | | | Tax Debt to Tax Assessed Valuation | % of Total Tax Collections to Tax Levy |
| 2004 | 14,100 | \$ 2,886,241,914 | 204,698 | 40,583,311 | 2,878 | 1.41% | 96.90% |
| 2005 | 14,450 | 2,696,490,357 | 186,608 | 37,854,769 | 2,620 | 1.40% | 98.70% |
| 2006 | 14,900 | 2,793,374,452 | 187,475 | 36,724,769 | 2,465 | 1.31% | 99.43% |
| 2007 | 15,250 | 3,029,605,430 | 198,663 | 33,484,769 | 2,196 | 1.11% | 96.09% |
| 2008 | 15,250 | 3,504,895,087 | 229,829 | 59,550,000 ⁽³⁾ | 3,905 ⁽³⁾ | 1.70% ⁽³⁾ | 97.78% ⁽⁴⁾ |

(1) Source: North Central Texas Council of Governments ("NCTCOG").

(2) The above statement of indebtedness does not include currently outstanding convention center revenue bonds payable from a first lien on the gross receipts of the Hotel Occupancy Tax and revenues of the convention center, as provided in the ordinance authorizing such bonds and general obligation debt for which repayment is provided from revenues of the waterworks and sewer system ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.

(3) Projected. Includes a portion of the Certificates that is not anticipated to be self-supporting.

(4) Collections for part year only, through April 1, 2008.

For additional information regarding the Town, please contact:

| | | |
|----------------------|----|-----------------------------|
| Randolph C. Moravec | | David K. Medanich |
| Director of Finance | | Laura Alexander |
| Town of Addison | or | First Southwest Company |
| P.O. Box 9010 | | 777 Main Street, Suite 1200 |
| Addison, Texas 75001 | | Fort Worth, Texas 76102 |
| (972) 450-7050 | | (817) 332-9710 |

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

| <u>City Council</u> | <u>Length of Service</u> | <u>Term Expires</u> | <u>Occupation</u> |
|---|--------------------------|---------------------|---|
| Joe Chow Mayor | 6 Years | May, 2009 | Restaurant Owner/Insurance Agency Owner |
| Tom Braun Mayor Pro Tempore | 4 Years | May, 2008 | General Contractor |
| Roger S. Mellow Deputy Mayor Pro Tempore | 3 Years | May, 2008 | Investments |
| Gregory S. Hirsch Councilmember | 5 Years | May, 2009 | Sales Manager |
| Dennis Kraft Councilmember | 3 Years | May, 2008 | Attorney |
| Todd Meier Councilmember | 1 Year | May, 2009 | Investments |
| Jimmy Niemann Councilmember | 5 Years | May, 2009 | Chief Technology Officer |

SELECTED ADMINISTRATIVE STAFF

| <u>Name</u> | <u>Position</u> | <u>Length of Service</u> |
|---------------------|------------------------|--------------------------|
| Ronald Whitehead | City Manager | 25 Years |
| Lea Dunn | Deputy City Manager | 12 Years |
| Chris Terry | Assistant City Manager | 14 Years |
| Mario Canizares | Assistant City Manager | 4 Years |
| Randolph C. Moravec | Director of Finance | 21 Years |

CONSULTANTS AND ADVISORS

| | |
|------------------------------------|--|
| Certified Public Accountants | Weaver and Tidwell, L.L.P. Dallas, Texas |
| Bond Counsel | Vinson & Elkins L.L.P. Dallas, Texas |
| Financial Advisor | First Southwest Company Fort Worth, Texas |

PRELIMINARY OFFICIAL STATEMENT
RELATING TO
\$34,500,000
TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$34,500,000 Town of Addison, Texas, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATIONS, SERIES 2008 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinance to be adopted on the date of sale of the Certificates except as otherwise indicated herein.

There follows in this Official Statement description of the Certificates and certain information regarding the Town and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the Town's Financial Advisor, First Southwest Company, Fort Worth, Texas.

DESCRIPTION OF THE TOWN . . . The Town is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the Town's Home Rule Charter. The Town's Home Rule Charter originally adopted in 1978, was last amended in 1993. The Town operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers. The term of office for Councilmembers is two years with the terms of the Mayor and three of the Councilmembers expiring in odd-numbered years and the terms of the other three Councilmembers expiring in even-numbered years. The City Manager is the chief administrative officer for the Town. Some of the services that the Town provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2000 Census population for the Town was 14,166, and the estimated 2008 population is 15,250. The Town covers approximately 4.4 square miles and is located within the Dallas, Texas, Standard Metropolitan Statistical Area (SMSA).

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated May 1, 2008, and mature on February 15 in each of the years and in the amounts and bear interest at per annum rates as shown on the cover page hereof. Interest will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15, commencing February 15, 2009. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an Ordinance passed by the City Council.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the Town is subject to a continuing direct annual ad valorem tax levied by the Town sufficient to provide for the payment of principal of and interest on all obligations payable in whole or in part from ad valorem taxes, including the Certificates, which tax must be levied within limits prescribed by law. Additionally, the Certificates are payable from and secured by a limited pledge (not to exceed \$1,000) of surplus revenues of the Town's Waterworks and Sewer System, as provided in the Ordinance authorizing the Certificates.

TAX RATE LIMITATION . . . All taxable property within the Town is subject to the assessment, levy and collection by the Town of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the Town, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all Town purposes. The Home Rule Charter of the Town adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Assessed Valuation for all Town purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for debt service on all tax supported debt, as calculated at the time of issuance.

OPTIONAL REDEMPTION . . . The Town reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the Town may select the maturities of the Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Certificates, the Town shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN NOTWITHSTANDING WHETHER ONE OR MORE REGISTERED OWNERS MAY HAVE FAILED TO RECEIVE SUCH NOTICE. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if monies for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

DEFEASANCE . . . The Ordinance provides that the Town may discharge its obligations to the registered owners of any or all of the Certificates to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Certificates to maturity or redemption or (ii) by depositing with a paying agent or other authorized escrow agent amounts sufficient to provide for the payment and/or redemption of the Certificates; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Town adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Town adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. Under current Texas law, upon the making of a deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the Town to initiate proceedings to call the Certificates for redemption or to take any other action amending the terms of the Certificates are extinguished; provided however, the right to call the Certificates for redemption is not extinguished if the Town: (1) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation to be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Town believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The Town cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC

system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Certificates are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent/Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the Town or Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Town or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Certificates is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Certificates is discontinued by the Town, printed certificates will be issued to the respective holders of the Certificates, as the case may be, and the respective Certificates will be subject to transfer, exchange, and registration provisions as set forth in the Ordinances, summarized under "THE CERTIFICATES - Transfer, Exchange, and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Trust Company, National Association, Dallas, Texas. In the Ordinance, the Town retains the right to replace the Paying Agent/Registrar. The Town covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or 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/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the Town agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

PAYMENT . . . Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Certificates will be paid to the registered owner at their stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/ Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the Town nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the month preceding such interest payment date.

In the event of a non payment 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 ("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 Holder of a Certificate appearing on 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.

CERTIFICATEHOLDERS' REMEDIES . . . The Ordinance establishes specific events of default with respect to the Certificates. If the Town defaults in the payment of the principal of or interest on the Certificates when due, or the Town defaults in the observance or performance of any of the covenants, conditions, or obligations of the Town, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the Town, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Town to make such payment or observe and perform such covenants, obligations or conditions. Such right is in addition to any other rights the registered owners of the Bonds may be provided by the laws of the State of Texas. Under current Texas law,

there is no right to the acceleration of maturity of the Certificates upon the failure of the Town to observe any covenant under the Ordinance. Although a registered owner of Certificates could presumably obtain a judgment against the Town if a default occurred in the payment of principal or interest on any such Certificates, such judgment could not be satisfied by execution against any property of the Town. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the Town to levy, assess and collect an annual ad valorem tax sufficient to pay principal and interest on the Certificates as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. Because it is not clear that the Texas Legislature has effectively waived the Town's immunity from suit for money damages, a Bondholder may not be able to bring such a suit against the Town for breach of the Certificates or the Ordinance. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. The Town is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act. As noted above, the Ordinance provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the Town under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

The Ordinance does not provide for the appointment of a trustee to represent the interests of the bondholders upon any failure of the Town to perform in accordance with the terms of the Ordinance, or upon any other condition. The enforcement of a claim for payment of principal or of interest on the Certificates or the enforcement of other covenants of the Town contained in the Ordinance would be subject to the applicable provisions of federal bankruptcy laws and to other laws affecting the rights of creditors of political subdivisions generally. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are subject to bankruptcy and other laws affecting creditors' rights or remedies generally.

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TAX INFORMATION

TAXABLE PROPERTY AND EXEMPTIONS . . . Reference is made to the Texas Tax Code (the "Property Tax Code"), for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes. The appraisal of property within the Town is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The Town may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the Town by petition filed with the Appraisal Review Board.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) an exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats and aircraft owned as nonbusiness property are exempt from ad valorem taxation. State law additionally provides for one motor vehicle owned by an individual and used in the course of the owner's occupation or profession and also for personal activities of the owner to be exempted from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal. In addition, under Section 11.253 of the Texas Tax Code, "Goods-in-transit" are exempt from taxation unless a taxing unit opts out of the exemption. Goods-in-transit are defined as tangible personal property that: (i) is acquired in or imported into the state to be forwarded to another location in the state or outside the state; (ii) is detained at a location in the state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property; (iii) is transported to another location in the state or outside the state not later than 175 days after the date the person acquired the property in or imported the property into the state; and (iv) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory.

The Town and the other taxing bodies within its territory may agree to jointly create tax increment financing zones, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. Taxes levied by the Town against the values of real property in the zone in excess of the "frozen value" are not available for general Town use but are restricted to paying or financing "project costs" within the zone. The Town also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The Town in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

As of January 1, 2004, under Article VIII and State law, a county, municipality or junior college, at its option, may provide for a prohibition on increasing the total ad valorem tax, except for increases attributable to certain improvements, on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence

qualified for such exemption and such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of person 65 years of age or older or who are disabled. Once established, the tax rate limitation may not be repealed or rescinded.

TAX RATE LIMITATION . . . The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service. The governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year.

A "truth-in-taxation" process is required by State law. The Town must annually calculate and publicize its "effective tax rate" and "rollback tax rate." The City Council may not adopt a tax rate that if applied to the total taxable value would exceed the lower of the "rollback tax rate" or the effective tax rate (calculated in the month provided in the property tax code) until it has held two public hearings on the proposed tax rate and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate, the qualified voters of the Town by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values. "Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the Town is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

| Month | Cumulative Penalty | Cumulative Interest | Total |
|----------|-----------------------|------------------------|-------|
| February | 6% | 1% | 7% |
| March | 7 | 2 | 9 |
| April | 8 | 3 | 11 |
| May | 9 | 4 | 13 |
| June | 10 | 5 | 15 |
| July | 12 | 6 | 18 |

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 20% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the Town's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

TOWN APPLICATION OF TAX CODE . . . The Town grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000. The disabled are also granted an exemption of \$60,000.

To those who apply, the Town grants an additional exemption of 20% of the market value of residence homesteads with a minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the Town against the exempt value of residence homesteads for the payment of debt.

The Town does not tax nonbusiness personal property or aircraft.

The Town contracts with the County Tax Assessor to collect its taxes. Prior to 2004, the Town collected its own taxes.

The Town does not permit split payments, and discounts are not allowed.

The Town does tax freeport property.

The Town does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The Town has not adopted a tax abatement policy.

The Town has not adopted the freeze for elderly and disabled homeowners.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

| | | |
|--|-------------------|--------------------------------|
| 2007/08 Market Valuation Established by Dallas Central Appraisal District ⁽¹⁾ | | \$ 3,811,377,690 |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Residence Homestead Exemptions | \$ 97,215,345 | |
| Disabled Veterans Exemptions | 156,000 | |
| Agricultural Land Use Reductions | 3,189,800 | |
| Over 65 | 19,544,916 | |
| Disabled Person | 510,000 | |
| Government/Airport Exemptions | 181,380,470 | |
| Capped Value Loss | 4,472,603 | |
| Pollution Control | <u>13,469</u> | <u>306,482,603</u> |
| 2007/08 Taxable Assessed Valuation | | <u><u>\$ 3,504,895,087</u></u> |
| Town Funded Debt Payable from Ad Valorem Taxes (as of 4-1-08) | | |
| General Obligation Bonds | \$ 42,110,000 | |
| Certificates of Obligation | 9,830,000 | |
| The Certificates | <u>34,500,000</u> | |
| Funded Debt Payable from Ad Valorem Taxes | | \$ 86,440,000 |
| Less Self-Supporting Debt: ⁽²⁾ | | |
| Hotel Fund General Obligation Debt | \$ 6,105,000 | |
| Airport Fund General Obligation Debt | 3,725,000 | |
| Water and Sewer System General Obligation Debt ⁽³⁾ | <u>17,060,000</u> | |
| Net Funded Debt Payable from Ad Valorem Taxes | | <u><u>\$ 59,550,000</u></u> |
| Interest and Sinking Fund as of 4-1-08 | | \$ 2,164,027 |
| Ratio Total Funded Debt to Taxable Assessed Valuation | | 2.47% |
| Ratio Net Funded Debt to Taxable Assessed Valuation | | 1.70% |
| 2008 Estimated Population - 15,250 | | |
| Per Capita Taxable Assessed Valuation - \$229,829 | | |
| Per Capita Total Funded Debt \$5,668 | | |
| Per Capita Net Funded Debt - \$3,905 | | |

(1) As reported on the Town's 2007 Certified Tax Roll.

(2) General obligation debt in the amount shown for which repayment is provided from revenues of the waterworks and sewer system, airport revenue fund and hotel special revenue fund, as applicable. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the Town's current policy to provide these payments from respective system revenues. This policy is subject to change in the future. To the extent such policy is changed and such self-supporting debt is not paid from system revenues, such debt will be paid from ad valorem taxes.

(3) Includes a portion of Certificates.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

| Category | Taxable Appraised Value for Fiscal Year Ended September 30, | | | | | |
|---|---|------------|-------------------------|------------|-------------------------|------------|
| | 2008 | | 2007 | | 2006 | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential Single Family | \$ 575,950,630 | 15.11% | \$ 541,659,690 | 16.30% | \$ 481,285,320 | 15.70% |
| Real, Residential Multi-Family | 323,906,280 | 8.50% | 293,562,670 | 8.83% | 289,127,620 | 9.43% |
| Real, Vacant Lots/Tracts | 98,537,480 | 2.59% | 118,826,920 | 3.58% | 115,795,640 | 3.78% |
| Real, Commercial and Industrial | 1,957,726,540 | 51.37% | 1,720,219,930 | 51.76% | 1,543,289,730 | 50.33% |
| Real, Railroad | 1,100,610 | 0.03% | 1,188,280 | 0.04% | 1,189,920 | 0.04% |
| Real and Tangible Personal, Utilities | 22,962,720 | 0.60% | 21,315,830 | 0.64% | 21,814,770 | 0.71% |
| Tangible Personal, Commercial | 600,356,480 | 15.75% | 451,333,220 | 13.58% | 446,208,870 | 14.55% |
| Tangible Personal, Industrial | 42,730,920 | 1.12% | 39,735,440 | 1.20% | 35,284,000 | 1.15% |
| Tangible Personal, Other | 188,106,030 | 4.94% | 135,406,280 | 4.07% | 132,448,200 | 4.32% |
| Total Appraised Value Before Exemptions | \$ 3,811,377,690 | 100.00% | \$ 3,323,248,260 | 100.00% | \$ 3,066,444,070 | 100.00% |
| Adjustments | - | | (168,540,697) | | - | |
| Less: Total Exemptions/Reductions | (306,482,603) | | (125,102,133) | | (273,069,618) | |
| Taxable Assessed Value | <u>\$ 3,504,895,087</u> | | <u>\$ 3,029,605,430</u> | | <u>\$ 2,793,374,452</u> | |

| Category | Taxable Appraised Value for Fiscal Year Ended September 30, | | | |
|---|---|------------|-------------------------|------------|
| | 2005 | | 2004 | |
| | Amount | % of Total | Amount | % of Total |
| Real, Residential Single Family | \$ 475,034,040 | 16.03% | \$ 466,720,240 | 14.81% |
| Real, Residential Multi-Family | 294,878,470 | 9.95% | 291,748,710 | 9.26% |
| Real, Vacant Lots/Tracts | 108,020,890 | 3.64% | 93,311,290 | 2.96% |
| Real, Commercial and Industrial | 1,480,224,060 | 49.94% | 1,603,876,490 | 50.91% |
| Real, Railroad | - | 0.00% | - | 0.00% |
| Real and Tangible Personal, Utilities | 20,581,420 | 0.69% | 24,455,300 | 0.78% |
| Tangible Personal, Commercial | 462,592,070 | 15.61% | 504,748,480 | 16.02% |
| Tangible Personal, Industrial | 29,201,980 | 0.99% | 35,061,160 | 1.11% |
| Tangible Personal, Other | 93,210,020 | 3.15% | 130,592,800 | 4.15% |
| Total Appraised Value Before Exemptions | \$ 2,963,742,950 | 100.00% | \$ 3,150,514,470 | 100.00% |
| Adjustments | - | | (3,838,872) | |
| Less: Total Exemptions/Reductions | (267,252,593) | | (260,433,684) | |
| Taxable Assessed Value | <u>\$ 2,696,490,357</u> | | <u>\$ 2,886,241,914</u> | |

NOTE: Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

| Fiscal Year Ended 9/30 | Estimated Population ⁽¹⁾ | Taxable Assessed Valuation | Taxable Assessed Valuation Per Capita | Net Funded Tax Debt Outstanding ⁽²⁾ | Ratio Tax Debt to Taxable Assessed Valuation | Net Funded Debt Per Capita |
|------------------------|-------------------------------------|----------------------------|---------------------------------------|--|--|----------------------------|
| 2004 | 14,100 | \$ 2,886,241,914 | \$ 204,698 | \$ 40,583,311 | 1.41% | \$ 2,878 |
| 2005 | 14,450 | 2,696,490,357 | 186,608 | 37,854,769 | 1.40% | 2,620 |
| 2006 | 14,900 | 2,793,374,452 | 187,475 | 36,724,769 | 1.31% | 2,465 |
| 2007 | 15,250 | 3,029,605,430 | 198,663 | 33,484,769 | 1.11% | 2,196 |
| 2008 | 15,250 | 3,504,895,087 | 229,829 | 59,550,000 ⁽³⁾ | 1.70% | 3,905 |

(1) Source: North Central Texas Council of Governments ("NCTCOG").

(2) The above statement of indebtedness does not include currently outstanding convention center revenue bonds payable from a first lien on the gross receipts of the Hotel Occupancy Tax and revenues of the convention center, as provided in the ordinance authorizing such bonds and general obligation debt for which repayment is provided from revenues of the waterworks and sewer system, airport revenue fund or hotel special revenue fund ("self-supporting debt"). See "Table 1 – Valuation, Exemptions and General Obligation Debt" and "Table 10 – Computation of Self-Supporting Debt" herein.

(3) Projected. Includes a portion of the Certificates that is not anticipated to be self-supporting.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

| Fiscal Year Ended 9/30 | Tax Rate | Distribution | | Tax Levy | % of Current Tax Collections to Tax Levy | % of Total Tax Collections to Tax Levy ⁽¹⁾ |
|------------------------|-----------|--------------|---------------------------|---------------|--|---|
| | | General Fund | Interest and Sinking Fund | | | |
| 2004 | \$ 0.4228 | \$ 0.2201 | \$ 0.2027 | \$ 12,203,031 | 97.40% | 96.90% |
| 2005 | 0.4760 | 0.2597 | 0.2163 | 12,835,294 | 98.10% | 98.70% |
| 2006 | 0.4760 | 0.3060 | 0.1700 | 13,296,460 | 99.30% | 99.43% |
| 2007 | 0.4640 | 0.3110 | 0.1530 | 14,099,437 | 97.10% | 96.09% |
| 2008 | 0.4337 | 0.2990 | 0.1347 | 15,100,750 | 97.62% ⁽²⁾ | 97.78% ⁽²⁾ |

(1) Total tax collections are less than current tax collections as a result of a refund of prior year taxes due to reduced property values ordered by district court judgements.

(2) Collections for part year only, through April 1, 2008.

TABLE 5 - TEN LARGEST TAXPAYERS

| Name of Taxpayer | Nature of Property | 2007/08 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|--|------------------------|------------------------------------|---------------------------------------|
| Colonnade Realty Holdings | Land, Office Buildings | \$ 156,256,200 | 4.46% |
| Post Apartment Homes | Mixed Development | 117,550,000 | 3.35% |
| VOP Beltline LTD PS | Land, Office Buildings | 104,035,630 | 2.97% |
| Richmont Properties | Land, Office Buildings | 66,381,040 | 1.89% |
| Spectrum Center Partners | Office Buildings | 60,098,250 | 1.71% |
| RREEF Millennium I LP | Office Buildings | 58,964,000 | 1.68% |
| MBNA Texas Properties Inc. | Land, Office Buildings | 58,000,000 | 1.65% |
| Host Dallas Quorum LLC | Land, Hotel | 50,833,700 | 1.45% |
| Registry Hotel Corp. | Land, Hotel | 47,800,000 | 1.36% |
| FSP Addison Circle Ltd PS dba Mary Kay Inc. | Office Buildings | 45,621,000 | 1.30% |
| | | <u>\$ 765,539,820</u> | <u>21.84%</u> |

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the Town under current State law or the Town's Home Rule Charter (see "Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

| | |
|--|--------------|
| 2008 Net Principal and Interest Requirements for Debt | \$ 4,711,880 |
| \$0.1365 Tax Rate at 98.50% Collection Produces | \$ 4,712,419 |
| | |
| Average Annual Net Principal and Interest Requirements for Debt, 2008 - 2033 | \$ 3,527,947 |
| \$0.1022 Tax Rate at 98.50% Collection Produces | \$ 3,528,273 |
| | |
| Maximum Net Principal and Interest Requirements for Debt, 2009 | \$ 6,505,881 |
| \$0.1885 Tax Rate at 98.50% Collection Produces | \$ 6,507,626 |

(1) Includes a portion of the Certificates that is not anticipated to be self-supporting.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the Town are paid out of ad valorem taxes levied by such entities on properties within the Town. Such entities are independent of the Town and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the Town, the Town has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the Town.

| Taxing Jurisdiction | 2007/08 | | Total G.O. Debt | Estimated % Applicable | Overlapping G.O. Debt As of 9-30-07 ⁽²⁾ | Authorized But Unissued Debt as of 9-30-07 |
|---|------------------------------|------------------------|-----------------------|------------------------------|--|---|
| | Taxable Assessed Value | 2007/08 Tax Rate | | | | |
| | Town of Addison | \$ 3,504,895,087 | | | | |
| Carrollton/Farmers Branch Independent School District | 14,781,582,987 | 1.36700 | 406,026,672 | 1.04% | 4,222,677 | 100,865,000 |
| Dallas County | 161,655,460,184 | 0.22810 | 186,401,552 | 2.07% | 3,858,512 | 6,200,000 |
| Dallas County Community College District | 168,615,360,672 | 0.08040 | 93,485,000 | 2.00% | 1,869,700 | 380,000,000 |
| Dallas County Hospital District | 161,655,460,184 | 0.25400 | - | 2.07% | - | - |
| Dallas Independent School District | 76,891,231,324 | 1.19960 | 1,470,860,000 | 3.78% | <u>55,598,508</u> | 302,078 |
| | | | | | | |
| Total Direct and Overlapping G.O. Debt | | | | | <u>\$ 125,099,398</u> | |
| | | | | | | |
| Ratio of Direct and Overlapping G.O. Debt to Taxable Assessed Valuation | | | | | 3.57% | |
| | | | | | | |
| Per Capita Overlapping G.O. Debt | | | | | \$ 8,203.24 | |

(1) Net of self-supporting debt. Includes a portion of the Certificates that is not anticipated to be self-supporting.

(2) Town's debt projected as of September 30, 2008.

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

| Fiscal Year | Outstanding Debt Service Requirements ⁽¹⁾ | | The Certificates ⁽²⁾ | | Total Debt Service Requirements | Less: Airport Self-Supporting Debt Service Requirements | Less: Hotel Self-Supporting Debt Service Requirements | Less: W&S Self-Supporting Debt Service Requirements ⁽³⁾ | Total Net Tax Supported Debt Service Requirements ⁽⁴⁾ | % of Principal Retired |
|-------------|--|----------------------|---------------------------------|----------------------|---------------------------------|---|---|--|--|------------------------|
| | Principal | Interest | Principal | Interest | | | | | | |
| 2008 | \$ 6,185,000 | \$ 2,168,094 | | | \$ 8,353,094 | \$ 386,173 | \$ 712,013 | \$ 2,543,028 | \$ 4,711,880 | |
| 2009 | 6,425,000 | 1,923,179 | \$ 55,000 | \$ 2,044,202 | 10,447,381 | 387,773 | 711,788 | 2,841,938 | 6,505,881 | |
| 2010 | 6,700,000 | 1,671,051 | 140,000 | 1,581,250 | 10,092,301 | 389,023 | 716,038 | 2,773,106 | 6,214,134 | |
| 2011 | 6,505,000 | 1,406,976 | 145,000 | 1,574,695 | 9,631,671 | 389,923 | 719,688 | 2,963,644 | 5,558,416 | |
| 2012 | 6,770,000 | 1,152,601 | 780,000 | 1,553,420 | 10,256,021 | 389,785 | 722,019 | 2,962,656 | 6,181,561 | 36.39% |
| 2013 | 7,025,000 | 902,021 | 820,000 | 1,516,620 | 10,263,641 | 393,485 | 722,263 | 2,963,666 | 6,184,227 | |
| 2014 | 3,830,000 | 700,373 | 1,095,000 | 1,472,575 | 7,097,948 | 391,685 | 726,775 | 459,595 | 5,519,893 | |
| 2015 | 3,995,000 | 544,685 | 1,150,000 | 1,420,940 | 7,110,625 | 394,385 | 725,900 | 463,440 | 5,526,900 | |
| 2016 | 3,170,000 | 392,998 | 1,205,000 | 1,366,775 | 6,134,773 | 391,585 | 728,463 | 461,710 | 4,553,015 | |
| 2017 | 3,315,000 | 251,404 | 1,255,000 | 1,310,195 | 6,131,599 | 393,285 | 729,319 | 459,520 | 4,549,475 | 65.39% |
| 2018 | 2,105,000 | 134,039 | 1,315,000 | 1,251,085 | 4,805,124 | 394,208 | 728,406 | 461,755 | 3,220,755 | |
| 2019 | 1,455,000 | 58,565 | 1,380,000 | 1,189,100 | 4,082,665 | 394,253 | - | 463,300 | 3,225,112 | |
| 2020 | 515,000 | 15,988 | 1,445,000 | 1,124,125 | 3,100,113 | 398,288 | - | 459,270 | 2,242,555 | |
| 2021 | 130,000 | 2,600 | 1,510,000 | 1,056,160 | 2,698,760 | - | - | 459,665 | 2,239,095 | |
| 2022 | - | - | 1,585,000 | 984,975 | 2,569,975 | - | - | 464,255 | 2,105,720 | 77.74% |
| 2023 | - | - | 1,660,000 | 910,340 | 2,570,340 | - | - | 463,040 | 2,107,300 | |
| 2024 | - | - | 1,735,000 | 832,255 | 2,567,255 | - | - | 461,135 | 2,106,120 | |
| 2025 | - | - | 1,820,000 | 750,490 | 2,570,490 | - | - | 463,425 | 2,107,065 | |
| 2026 | - | - | 1,905,000 | 664,815 | 2,569,815 | - | - | 459,910 | 2,109,905 | |
| 2027 | - | - | 1,995,000 | 575,115 | 2,570,115 | - | - | 460,590 | 2,109,525 | 87.58% |
| 2028 | - | - | 2,090,000 | 481,160 | 2,571,160 | - | - | 460,350 | 2,110,810 | |
| 2029 | - | - | 1,715,000 | 393,645 | 2,108,645 | - | - | - | 2,108,645 | |
| 2030 | - | - | 1,795,000 | 312,915 | 2,107,915 | - | - | - | 2,107,915 | |
| 2031 | - | - | 1,880,000 | 228,390 | 2,108,390 | - | - | - | 2,108,390 | |
| 2032 | - | - | 1,965,000 | 139,955 | 2,104,955 | - | - | - | 2,104,955 | 97.78% |
| 2033 | - | - | 2,060,000 | 47,380 | 2,107,380 | - | - | - | 2,107,380 | 100.00% |
| | <u>\$ 58,125,000</u> | <u>\$ 11,324,574</u> | <u>\$ 34,500,000</u> | <u>\$ 24,782,577</u> | <u>\$ 128,732,151</u> | <u>\$ 5,093,851</u> | <u>\$ 7,942,672</u> | <u>\$ 23,968,999</u> | <u>\$ 91,726,629</u> | |

DEBT INFORMATION

- (1) Does not include lease/purchase obligations, includes self-supporting debt.
- (2) Average life of the issue – 15.616 years. Interest on the Certificates has been calculated at the rate of 4.60% for purposes of illustration.
- (3) Includes a portion of the Certificates.
- (4) The amount shown represents general obligation debt, less that portion of general obligation debt that is considered to be self-supporting debt payable from the net system revenues. See Tables 1 and 10 and accompanying footnotes.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

| | | |
|---|---------------|----------------------------|
| General Purpose Debt Service Requirements, Fiscal Year Ending 9/30/08 | | \$ 4,721,880 |
| Interest and Sinking Fund Balance, as of 9/30/07 | \$ 1,613,153 | |
| Budgeted Interest and Sinking Fund Tax Levy @ 98.5% Collection | 4,627,410 | |
| Other Revenues and Income | <u>75,000</u> | <u>6,315,563</u> |
| Ending Fund Balance, 9/30/08 | | <u><u>\$ 1,593,683</u></u> |

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT ⁽¹⁾

Waterworks and Sewer System ⁽¹⁾

| | |
|--|---------------------------|
| Net Revenues Available from Waterworks and Sewer System, Fiscal Year 9-30-07 | \$ 2,523,758 |
| Less: Revenue Bond Requirements, 2008 Fiscal Year | <u>-</u> |
| Balance | \$ 2,523,758 |
| Less: System General Obligation Bond Requirements, 2008 Fiscal Year | <u>2,543,028</u> |
| Balance | <u><u>\$ (19,270)</u></u> |
| Percentage of System General Obligation Bonds Self-Supporting | 100.00% |

Hotel Special Revenue Fund

| | |
|---|----------------------------|
| Hotel Special Revenue Fund Balance, Fiscal Year 9-30-07 | \$ 6,548,003 |
| Less: System General Obligation Bond Requirements, 2008 Fiscal Year | <u>712,013</u> |
| Balance | <u><u>\$ 5,835,991</u></u> |
| Percentage of System General Obligation Bonds Self-Supporting | 100.00% |

Airport Enterprise Fund

| | |
|---|--------------------------|
| Net Revenues Available from Airport Revenue, Fiscal Year 9-30-07 | \$ 824,634 |
| Less: System General Obligation Bond Requirements, 2008 Fiscal Year | <u>386,173</u> |
| Balance | <u><u>\$ 438,462</u></u> |
| Percentage of System General Obligation Bonds Self-Supporting | 100.00% |

(1) The Utility Fund did not generate sufficient net revenues in fiscal 2007 to meet the self-supporting debt requirements for fiscal year 2008; however, the Town plans to use some of the unrestricted net assets to cover any revenue shortfalls.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS ⁽¹⁾

| <u>Purpose</u> | <u>Date Authorized</u> | <u>Amount Authorized</u> | <u>Amount Heretofore Issued</u> | <u>Unissued Balance</u> |
|----------------------------|------------------------|--------------------------|---------------------------------|-------------------------|
| Street Improvements | 2/12/2000 | \$ 11,500,000 | \$ 9,300,000 | \$ 2,200,000 |
| Road Utilities/Streetscape | 2/12/2000 | 11,000,000 | 2,370,000 | 8,630,000 |
| | | <u>\$ 22,500,000</u> | <u>\$ 11,670,000</u> | <u>\$ 10,830,000</u> |

(1) The Town has \$4,670,000 authorized but unissued general obligation bonds authorized by its October 17, 1981 bond election. Due to the age of this voted authorization the Town does not anticipate the issuance of the Bonds.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The Town does not anticipate the issuance of additional general obligation debt within the next 12 months.

TABLE 12 - OTHER OBLIGATIONS

As of September 30, 2007, the Town has no unfunded debt outstanding.

PENSION FUND . . . The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 731 administered by TMRS, an agent multiple-employer public employment retirement system. (For more detailed information concerning the retirement plan, see Appendix B, "Excerpts from the Town's Annual Financial Report".)

OTHER POST-EMPLOYMENT BENEFITS . . . The Town currently provides certain post-employment benefits to its employees. The Town intends to comply with the requirements of GASB No. 45 with respect to the reporting of post-employment benefits, in accordance with the timelines set forth in GASB No. 45. The Town has retained the services of Gabriel, Roeder, Smith & Company to assist the Town in this matter.

FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS – GOVERNMENTAL ACTIVITIES

| | Fiscal Year Ended September 30, | | | | |
|------------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| Revenues: | | | | | |
| <u>Program Revenues</u> | | | | | |
| Charges for Services | \$ 5,462,170 | \$ 5,141,299 | \$ 4,101,454 | \$ 4,022,866 | \$ 3,839,454 |
| Operating Grants and Contributions | 369,544 | 1,440,734 | 3,218,659 | 4,185,029 | 520,882 |
| <u>General Revenues</u> | | | | | |
| Property Taxes | 13,587,051 | 13,297,948 | 12,830,522 | 12,018,231 | 11,594,844 |
| Other Taxes | 19,510,370 | 17,761,854 | 17,200,141 | 16,378,812 | 15,321,377 |
| Other | 2,075,074 | 1,666,280 | 1,008,053 | 942,083 | 966,776 |
| Total Revenues | \$ 41,004,209 | \$ 39,308,115 | \$ 38,358,829 | \$ 37,547,021 | \$ 32,243,333 |
| Expenses: | | | | | |
| General Government | \$ 5,769,960 | \$ 6,251,658 | \$ 5,929,812 | \$ 5,771,545 | \$ 5,177,758 |
| Public Safety | 13,452,066 | 12,641,284 | 12,136,999 | 11,434,040 | 10,982,315 |
| Development Services | 833,330 | 549,107 | 553,651 | 502,033 | 489,613 |
| Street and Sanitation | 5,072,907 | 4,562,905 | 3,873,029 | 4,047,277 | 4,897,731 |
| Parks and Recreation | 4,054,147 | 4,305,515 | 4,084,150 | 3,719,576 | 3,633,439 |
| Visitor Services | 6,370,107 | 6,151,819 | 5,524,971 | 5,223,648 | 5,117,318 |
| Interest on Long-term Debt | 1,598,951 | 1,755,697 | 1,960,226 | 2,211,265 | 1,998,762 |
| Total Expenses | \$ 37,151,468 | \$ 36,217,985 | \$ 34,062,838 | \$ 32,909,384 | \$ 32,296,936 |
| Increase (Decrease) in Net Assets | \$ 3,852,741 | \$ 3,090,130 | \$ 4,295,991 | \$ 4,637,637 | \$ (53,603) |
| Net Assets - October 1 | 139,264,987 | 136,174,857 | 131,878,866 | 127,241,229 | 127,294,832 |
| Net Assets - September 30 | \$ 143,117,728 | \$ 139,264,987 | \$ 136,174,857 | \$ 131,878,866 | \$ 127,241,229 |

TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

| | Fiscal Year Ended September 30, | | | | |
|------------------------------------|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2006 | 2005 | 2004 | 2003 |
| <u>Revenues</u> | | | | | |
| Taxes | \$ 20,652,008 | \$ 19,454,274 | \$ 17,493,983 | \$ 16,379,319 | \$ 15,452,332 |
| Franchise Fees | 2,615,504 | 2,681,263 | 2,563,797 | 2,674,701 | 2,450,145 |
| Licenses and Permits | 743,201 | 651,408 | 479,239 | 455,089 | 386,824 |
| Intergovernmental Revenues | - | - | 245,789 | 55,527 | - |
| Service Fees | 1,229,291 | 1,296,693 | 1,145,087 | 1,174,852 | 1,158,469 |
| Fines and Forfeitures | 1,181,508 | 1,071,624 | 812,762 | 741,833 | 686,311 |
| Interest Income | 568,276 | 378,492 | 140,149 | 119,416 | 108,448 |
| Rental and Other | 287,001 | 301,590 | 234,710 | 178,852 | 258,241 |
| Total Revenues | \$ 27,276,789 | \$ 25,835,344 | \$ 23,115,516 | \$ 21,779,589 | \$ 20,500,770 |
| <u>Expenditures</u> | | | | | |
| General Government | \$ 5,699,206 | \$ 6,138,990 | \$ 5,799,332 | \$ 5,406,092 | \$ 4,916,867 |
| Public Safety | 13,259,037 | 12,697,761 | 12,241,889 | 11,854,136 | 11,040,379 |
| Development Services | 770,557 | 563,271 | 553,651 | 520,215 | 485,810 |
| Streets | 1,476,582 | 1,421,464 | 1,276,489 | 1,425,047 | 1,504,349 |
| Parks and Recreation | 3,562,422 | 3,626,183 | 3,493,435 | 3,288,956 | 3,114,382 |
| Total Expenditures | \$ 24,767,804 | \$ 24,447,669 | \$ 23,364,796 | \$ 22,494,446 | \$ 21,061,787 |
| Revenues Over (Under) Expenditures | \$ 2,508,985 | \$ 1,387,675 | \$ (249,280) | \$ (714,857) | \$ (561,017) |
| Other Sources (Uses), Net | - | (263,000) | - | - | - |
| Change in Fund Balance | \$ 2,508,985 | \$ 1,124,675 | \$ (249,280) | \$ (714,857) | \$ (561,017) |
| Beginning Fund Balance | 8,175,180 | 7,050,505 | 7,299,785 | 8,014,642 | 8,575,659 |
| Ending Fund Balance | \$ 10,684,165 | \$ 8,175,180 | \$ 7,050,505 | \$ 7,299,785 | \$ 8,014,642 |

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The Town has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the Town the power to impose and levy a 1% Local Sales and Use Tax within the Town; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the Town monthly.

| Fiscal Year Ended 9/30 | 1% Total Collected | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate | Per Capita |
|---------------------------------|-----------------------|--------------------------------|---|---------------|
| 2004 | \$ 9,303,529 | 76.24% | \$ 0.3223 | \$ 660 |
| 2005 | 9,663,892 | 75.29% | 0.3584 | 669 |
| 2006 | 9,941,386 | 74.77% | 0.3559 | 667 |
| 2007 | 10,508,257 | 74.53% | 0.3469 | 689 |
| 2008 ⁽¹⁾ | 4,614,124 | 30.56% | 0.1316 | 303 |

(1) Collection for part year only, through April 1, 2008.

FINANCIAL POLICIES

The financial statements of the Town has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For the fiscal year ended September 30, 2002, the Town implemented Governmental Accounting Standards Board Statement No. 34 ("GASB 34").

Government-wide and Fund Financial Statements ... The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 50 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues

of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives the cash as the resulting receivables are deemed immaterial.

Budgetary Procedures . . . The City Council follows these procedures in establishing the budgets reflected in the financial statements:

1. At least 60 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. Transfers between expenditure accounts in one department may occur with the approval of the Finance Director. Transfers between operating departments may occur with the approval of the City Manager and Finance Director provided that a department's total budget is not changed by more than five percent. Transfers between fund or transfers between departments which change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

For all budgets of the Town, the Town Charter requires only that funds be certified as available for expenditure. Legally, expenditures may exceed budgeted appropriations as long as those expenditures are certified as funds being available.

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at September 30, 2007.

5. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for the Capital Project Funds are normally established pursuant to the terms of the related bond indentures, that is, project basis.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations which were amended.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Addison, Texas for its comprehensive annual financial report for the fiscal year ended September 30, 2006. This Certificate is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only.

In addition to the Certificate, the Town received GFOA's Award for Distinguished Budget Presentation for its fiscal year 2006 annual budget document. Together, the Award and the Certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, city administrators, and the general public.

INVESTMENTS

The Town invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council. Both state law and the Town's investment policies are subject to change.

LEGAL INVESTMENTS. Under Texas law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for Town deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit

issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The Town may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The Town may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 806-1 et. seq.) or with the State Security Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years but the Town retains ultimate responsibility as fiduciary of its assets. The Town is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under Texas law, the Town is required to invest its funds pursuant to written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for Town funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All Town funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, Town investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the Town shall submit an investment report detailing: (1) the investment position of the Town, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest Town funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under Texas law the Town is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said order or resolution, (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the Town to: (a) receive and review the Town's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the Town's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict the investment in mutual funds in the aggregate to no more than 15% of the Town's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt services, and to invest no portion of bond proceeds, reserves and funds held for debt service in mutual funds; (9) require local government investment pools to conform to

the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the Town.

TABLE 15 - CURRENT INVESTMENTS

As of April 1, 2008, the Town's investable funds were invested in the categories listed above. As of such date, 63.8% of the Town's portfolio will mature within six months. The market value of the investment portfolio was approximately 100.44% of its purchase price.

| <u>Description</u> | <u>Percent</u> | <u>Book Value</u> | <u>Market Value</u> |
|------------------------|----------------|----------------------|----------------------|
| TexPool | 17.70% | \$ 7,981,496 | \$ 7,981,496 |
| TexStar | 18.55% | 8,363,788 | 8,363,788 |
| Commercial Paper | 20.85% | 9,404,222 | 7,433,457 |
| Agency Securites | 38.24% | 17,243,468 | 17,287,545 |
| Certificate of Deposit | 4.66% | 2,104,788 | 2,104,788 |
| | <u>100.00%</u> | <u>\$ 45,097,762</u> | <u>\$ 43,171,074</u> |

TexSTAR is a local government investment pool for whom First Southwest Asset Management, Inc., an affiliate of First Southwest Company, provides customer service and marketing for the pool. TexSTAR currently maintains a "AAAm" rating from Standard & Poor's and has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share. Daily investments or redemptions of funds is allowed by the participants.

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TAX MATTERS

TAX EXEMPTION . . . In the opinion of Vinson & Elkins L.L.P., Bond Counsel, (i) interest on Certificates is excludable from gross income for federal income tax purposes under existing and (ii) interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Certificates, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service. The Town has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes and, in addition, will rely on representations by the Town, the Town's Financial Advisor and the Purchaser with respect to matters solely within the knowledge of the Town, the Town's Financial Advisor and the Purchaser, respectively, which Bond Counsel has not independently verified. If the Town should fail to comply with the covenants in the Ordinance or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Certificates could become taxable from the date of delivery of the Certificates, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Certificates, is included in a corporation's "adjusted current earnings," ownership of the Certificates could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations are includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Town as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences . . . Prospective purchasers of the Certificates should be aware that the ownership of tax exempt bonds may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt Bonds and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax exempt interest such as interest on the Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Certificates, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium . . . The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the "Premium Certificates") are considered for federal income tax purposes to have "premium" equal to the amount of such excess. The basis of a Premium Certificate in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Certificate in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium

Certificate by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of premium on a Premium Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Certificate and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Certificates.

Tax Accounting Treatment of Original Issue Discount Certificates . . . The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the "Original Issue Discount Certificates"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption " Collateral Tax Consequences " generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (a) the Underwriter has purchased the Certificates for contemporaneous sale to the public and (b) all of the Original Issue Discount Certificates have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the Town nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Certificates and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Certificate for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Certificates should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Certificates and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Certificates.

OTHER INFORMATION

RATINGS

The presently outstanding tax-supported debt of the Town is rated "Aa3" by Moody's and "AA" by S&P. The Town also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P through insurance by various commercial insurance companies. Applications for contract ratings on this issue have been made to Moody's and S&P. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Town makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Certificates.

LITIGATION

It is the opinion of the City Attorney and Town Staff that there is no pending litigation against the Town that would have a material adverse financial impact upon the Town or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The Town assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudence standard, the Certificates are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations.

General Considerations. For political subdivisions in Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), the Certificates may have to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. The Town has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes. The Town has made no review of laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

LEGAL MATTERS

The Town will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the Town, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law and the Certificates are not private activity bonds, subject to the matters described under "TAX MATTERS – Tax Exemption" herein, including alternative minimum tax consequences for corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Certificates, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Certificates will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion will

accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from Town records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the Town has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The Town is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the Town will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS . . . The Town will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the Town of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The Town will update and provide this information within six months after the end of each fiscal year ending in or after 2008. The Town will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") and to any state information depository ("SID") that is designated by the State of Texas and approved by the State of Texas and approved by the staff of the United States Securities and Exchange Commission (the "SEC").

The Town may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the Town commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Town will provide audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the Town may be required to employ from time to time pursuant to state law or regulation.

The Town's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Town changes its fiscal year. If the Town changes its fiscal year, it will notify each NRMSIR and the SID of the change.

The Municipal Advisory Council of Texas ("MAC") has been designated by the State of Texas and approved by the SEC staff as a qualified SID. The address of the Municipal Advisory Council is 600 West 8th Street, P. O. Box 2177, Austin, Texas 78768-2177, and its telephone number is 512/476-6947. The MAC has also received SEC approval to operate, and has begun to operate, a "central post office" for information filings made by municipal issuers, such as the Town. A municipal issuer may submit its information filings with the central post office, which then transmits such information to the NRMSIRs and the appropriate SID for filings. The central post office can be accessed and utilized at www.DisclosureUSEA.com ("DisclosureUSA"). The Town may utilize DisclosureUSA for the filing of information relating to the Certificates.

MATERIAL EVENT NOTICES . . . The Town will also provide timely notices of certain events to certain information vendors. The Town will provide notice of any of the following events with respect to the Certificates, if such event is material to a decision to purchase or sell Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Certificates; (7) modifications to rights of holders of the Certificates; (8) Certificate calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates; and (11) rating changes. In addition, the Town will provide timely notice of any failure by the Town to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The Town will provide each notice described in this paragraph to the SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID . . . The Town has agreed to provide the foregoing information only to NRMSIRs and the SID. The information will be available to holders of Certificates only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

LIMITATIONS AND AMENDMENTS . . . The Town has agreed to update information and to provide notices of material events only as described above. The Town has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Town makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Town disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the Town to comply with its agreement.

The Town may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein 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 holders of a majority in aggregate principal amount of the outstanding Certificates consent to the amendment or (b) any person unaffiliated with the Town (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The Town may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the Town so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the Town has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

INITIAL PURCHASER OF THE CERTIFICATES

After requesting competitive bids for the Certificates, the Town accepted the bid of _____ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium (if any) of \$_____. The Initial Purchaser of the Certificates can give no assurance that any trading market will be developed for the Certificates after their sale by the Town to the Initial Purchaser of the Certificates. The Town has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Certificates.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Town in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. First Southwest Company may submit a bid for the Certificates, either independently or as a member of a syndicate organized to submit a bid for the Certificates. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the Town has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the Town, that are not purely historical, are forward-looking statements, including statements regarding the Town's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Town on the date hereof, and the Town assumes no obligation to update any such forward-looking statements. The Town's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and

regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Town. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the Town will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Town contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefore, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Town and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Town, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Town believes to be reliable and the Town has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Town since the date of the last audited financial statements of the Town.

The Ordinance will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Purchaser.

/s/ _____
JOE CHOW
Mayor
Town of Addison, Texas

ATTEST:

/s/ _____
MARIO CANIZARES
Town Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE TOWN

DESCRIPTION OF THE TOWN . . . The Town of Addison (4.4 square miles in area), incorporated in 1953, is located in Dallas County 12 miles north of downtown Dallas. Addison is bounded on the east by the extension of the Dallas North Tollway and is bisected east to west by Belt Line Road.

GOVERNMENT . . . The Town is governed by a City Council composed of six councilmembers and the Mayor. The Mayor and councilmembers serve staggered two-year terms. The day-to-day operations of Addison are conducted by a Town Manager who is selected by the City Council. The Town's Home Rule Charter was adopted in 1978 and was last amended in January, 1993. The charter provides for a City Council comprised of the Mayor and six councilmembers. Under the charter the Mayor may vote on all items coming before the Council.

POPULATION . . . The U.S. Census Bureau set the 1970 population at 550, the 1980 population at 5,553, the 1990 population at 8,783 and the 2000 population at 14,166, and the NCTCOG estimates the 2008 population to be 15,250.

ECONOMY . . . Addison is located in the "platinum corridor" of North Dallas and has been called the "epicenter of a new downtown uptown". The Dallas area has become a major financial center of the nation and is rapidly emerging as a national leader in the areas of corporate headquarter locations, product distribution centers, light "clean" manufacturing in such areas as electronics and data processing, and as a principal fashion center. Addison manifests the best features of the area by creating an environment conducive to office, retail and residential uses. With its beautifully landscaped boulevards and strict enforcement of building, sign and landscaping codes, the Town has attracted quality development without the nuisances usually associated with rapid urbanization. Fine restaurants, boutiques and specialty stores are located in the Town to serve the growing work force and the affluent Addison-North Dallas area. Addison is a prime and desirable location for many businesses seeking relocation in the area.

Among the top employers in the Town are the following:

| <u>Company</u> | <u>Type of Business</u> | <u>Estimated Number of Employees</u> |
|-------------------------------------|------------------------------------|--|
| Mary Kay Cosmetics Inc. | Cosmetics | 1,300 |
| Bank of America | Bank | 900 |
| Pizza Hut | Food Specialties | 800 |
| Barrett Burke Wilson & Castle | Attorney | 580 |
| Staubach Company | Real Estate Agents & Mgrs. | 410 |
| Concentra Health Services | Health Services | 400 |
| Hotel Inter-Continental Dallas | Hotel | 380 |
| United Surgical Partners | Health Services | 277 |
| Town of Addison | Municipal Government Services | 261 |
| Greenhill School | Elementary & High School | 251 |
| Affirmative Insurance Holdings Inc. | Insurance Agents | 250 |
| Trinity Christian Academy | Elementary & High School | 250 |
| GE Capital Real Estate | Real Estate | 225 |
| Securus Technologies | Computers Technology | 210 |
| Glazers Wholesale Drug Company | Drugs, Proprietaries, and Sundries | 210 |

Source: Addison Town staff.

AIRPORT . . . The Town of Addison owns a general aviation airport, a single runway facility ranked by the Federal Aviation Administration as the busiest airport of its kind. The runway is 7,200 feet in length and can accommodate general aviation aircraft through 120,000 pounds gross weight including Boeing 737's and DC9's. The airport is home to 291 aircraft valued at over \$88 million and houses several fixed base operations, which provide fuel and maintenance services. The airport is used extensively by corporate executives who wish to conduct business in offices located in the north Dallas area.

TRANSPORTATION . . . Direct access to downtown Dallas is afforded via the Dallas North Tollway. Nearby highways and freeways provide convenient access to the entire Dallas/Fort Worth Metroplex including the Richardson telecommunications corridor, the Plano corporate campus, and the Dallas/Fort Worth International Airport.

In addition to Addison Airport, commercial air transportation is available at Dallas' Love Field and at the Dallas/Fort Worth International Airport. Rail service for Addison is provided by the Cotton Belt Railroad and numerous motor freight lines from nearby Dallas are available.

EDUCATIONAL FACILITIES . . . Addison is served by the Dallas Independent School District and the Carrollton-Farmers Branch Independent School District, it is also served by two private schools, Trinity Christian Academy and Greenhill School; all serve the K/12 grades. Brookhaven Community College, a part of the Dallas County Community College, borders the Town and seven major colleges and universities are located within a 40-mile radius of the Town and include University of North Texas, Southern Methodist University, Texas Christian University, University of Texas at Dallas and University of Texas at Arlington.

BUILDING PERMITS

| <u>Fiscal Year</u> | <u>Number of Permits</u> | <u>Commercial</u> | <u>Residential</u> | <u>Total Value</u> |
|------------------------|----------------------------------|-------------------|--------------------|------------------------|
| 2003 | 1,010 | \$ 8,100,000 | \$ 0 | \$ 8,100,000 |
| 2004 | 1,093 | 34,600,000 | 7,800,000 | 42,400,000 |
| 2005 | 1,168 | 41,900,000 | 1,200,000 | 43,100,000 |
| 2006 | 2,264 | 48,500,000 | 20,000,000 | 68,500,000 |
| 2007 | 1,106 | 28,900,000 | 68,800,000 | 97,700,000 |

APPENDIX B

EXCERPTS FROM THE
TOWN OF ADDISON, TEXAS
ANNUAL FINANCIAL REPORT
For the Year Ended September 30, 2007

The information contained in this Appendix consists of excerpts from the Town of Addison, Texas Annual Financial Report for the Year Ended September 30, 2007, and is not intended to be a complete statement of the Town's financial condition. Reference is made to the complete Report for further information.



Honorable Mayor and
Members of the Town Council
of the Town of Addison
Addison, Texas

INDEPENDENT AUDITOR'S REPORT

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town of Addison, Texas (the Town) as of and for the year ended September 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's administration. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2007, and the respective changes in financial position and the cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Hotel Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly we express no opinion on it.

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AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

March 4, 2008
Dallas, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Addison, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town of Addison for the fiscal year ended September 30, 2007. Readers are encouraged to read this narrative in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section. **All amounts reported in this MD&A, unless otherwise indicated, are expressed in thousands of dollars.**

Financial Highlights

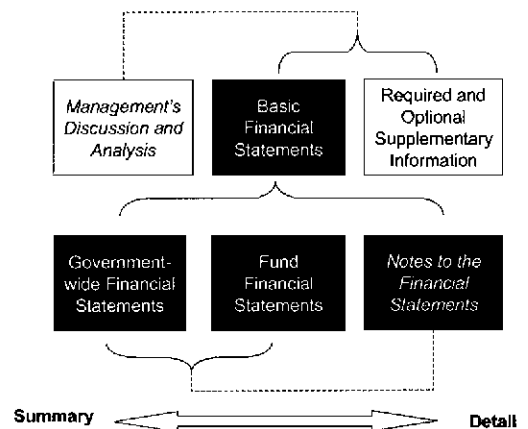
- The Town's assets exceeded its liabilities at the close of the 2007 fiscal year by \$187,720. This amount represents an increase over the previous year by \$4,933. As was the case the previous year, the growth in net assets is attributed to program revenues in the Utility fund exceeding expenses and an increase in tax revenues associated with the Town's governmental activities.
- As of September 30, 2007, the Town's governmental funds reported combined ending fund balances of \$26,020, an increase of \$2,899. The increase is primarily due to taxes and fees accounted for in the General and Hotel funds exceeding expenditures.
- At the end of the current fiscal year, fund balance for the General fund was \$10,684, or 43.1% of total fund expenditures. Fund balance increased \$2,509 during the year.
- At year-end, the Town of Addison's outstanding debt totals \$57,761, a reduction of \$5,639 from the previous year.

Overview of Financial Statements

This annual report is comprised of four segments as dictated by generally accepted accounting principles (GAAP): *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information* and *other supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town.

- The *government-wide financial statements* provide both long-term and short-term information about the Town's overall financial status.
- The fund financial statements focus on individual parts of Addison's government, reporting the Town's operations in more detail than the government-wide statements.
 - The *governmental funds statements* explain how general government services like public safety were financed in the short-term as well as what remains for future spending.
 - *Proprietary fund statements* offer short-term and long-term financial information about the activities the government operates like businesses, such as the airport.

**Illustration A-1
Required Components of
Town of Addison's Annual Financial Report**



The financial statements also include *notes*, which elaborate on some of the information in the financial statements and that provide more detailed data. These financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Illustration A-1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included other information such as the Town's long-term debt schedules, and a statistical section, which, through the use of tables, presents comparative economic and financial data to give users of this report a perspective of the Town's financial performance over a number of years.

Illustration A-2 summarizes the major features of the Town's financial statements. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

| Illustration A-2 | | | |
|--|--|--|---|
| Major Features of Town of Addison's Government-wide and Fund Financial Statements | | | |
| | Government-wide Statements | Fund Statements | |
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire Town government | The activities of the Town that are not proprietary, such as police, fire, and parks | Activities the Town operates similar to private businesses: airport, water/sewer utility |
| Required financial statements | *Statement of net assets *Statement of activities | *Balance sheet *Statement of revenues, expenditures, and changes in fund balances. | *Statement of net assets *Statement of revenues, expenses, and changes in net assets *Statement of cash flows |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter | All revenues and expenses during year, regardless of when cash is received or paid |

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Addison's finances in a manner similar to a private-sector business. These statements can be located on pages 11-12 of this document.

- The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets **may** indicate the improvement or deterioration of the Town's financial position.
- The *statement of activities* presents information showing how the Town's net assets changed during the concluded fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements of the Town are divided into two categories:

- *Governmental activities* – These are functions such as fire, police, and visitor services that are principally supported by taxes and intergovernmental revenue.
- *Business-type activities* – These functions are intended to recover all or a significant portion of their costs through user fees and charges. The Town's airport and utility system fall within this category.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Addison, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as *governmental activities*. However, unlike the government-wide financial statements, governmental financial fund financial statements focus on **short-term** inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the **long-term impact** of the government's **short-term financing** decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

The Town of Addison maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all these funds, with the exception of the Municipal Court, Arbor, Public Safety, and various capital project funds, which are considered minor funds and are combined into a single, aggregated presentation. Individual fund data for each of these minor funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for each fund to demonstrate compliance with this budget.

Proprietary funds – Services for which the Town charges customers a fee are generally reported in the proprietary funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The Town of Addison maintains two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its general aviation airport and its utility (water and sewer) system.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its fleet of vehicles and for its management information systems. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The proprietary fund financial statements provide separate information for Addison's airport and utility system, both of which are considered to be major funds of the Town of Addison. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Addison's funding of its obligation to provide pension benefits to Town employees through the Texas Municipal Retirement System.

The combining statements referred to earlier in connection with minor governmental funds and internal service funds are presented on pages 89-90 and 105-107.

Government-wide Financial Analysis

As of the close of the 2007 fiscal year, the Town's net assets (assets exceeding liabilities) totaled \$187,720 (see Table A-1). Of this amount \$154,620, or 82.4%, represents the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. Because the Town of Addison uses these capital assets to provide services to the community, these assets are not available for future spending. A portion of net assets (\$1,570) has been restricted for retiring the Town's long-term general obligation debt. The remaining amount of net assets is labeled as unrestricted and totals \$31,530. This amount is available to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Addison is able to report positive balances in these two categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

| | Governmental activities | | Business-type activities | | Total | |
|---|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Current and other assets | \$ 36,658 | \$ 32,943 | \$ 17,483 | \$ 17,986 | \$ 54,141 | \$ 50,929 |
| Capital assets | 150,111 | 153,479 | 47,223 | 47,721 | 197,334 | 201,200 |
| Total assets | 186,769 | 186,422 | 64,706 | 65,707 | 251,475 | 252,129 |
| Long-term liabilities outstanding | 39,938 | 44,401 | 17,823 | 19,730 | 57,761 | 64,131 |
| Other liabilities | 3,713 | 2,756 | 2,281 | 2,455 | 5,994 | 5,211 |
| Total liabilities | 43,651 | 47,157 | 20,104 | 22,185 | 63,755 | 69,342 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 117,447 | 117,538 | 37,173 | 35,845 | 154,620 | 153,383 |
| Restricted for debt service | 1,570 | 1,578 | - | - | 1,570 | 1,578 |
| Unrestricted | 24,101 | 20,149 | 7,429 | 7,677 | 31,530 | 27,826 |
| Total net assets | \$ 143,118 | \$ 139,265 | \$ 44,602 | \$ 43,522 | \$ 187,720 | \$ 182,787 |

As reflected in Table A-2, the Town's net assets increased \$4,933, or 2.7% during the 2007 fiscal year. The increase is primarily due to the growth of revenues in property and sales taxes associated with the governmental activities.

Illustration A-3

Total Sources of Revenue

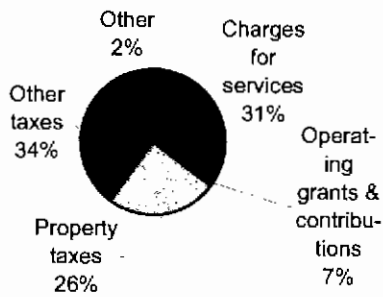
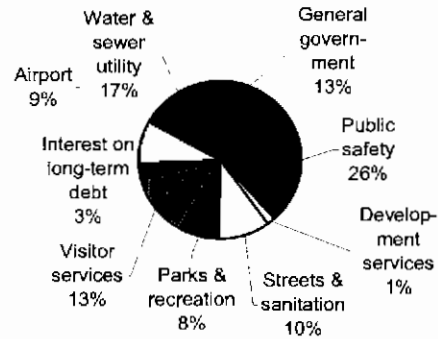


Illustration A-4

Total Expenses by Activity



**Table A-2
Town of Addison's Changes in Net Assets**

| | Governmental activities | | Business-type activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,462 | \$ 5,141 | \$ 13,255 | \$ 14,840 | \$ 18,717 | \$ 19,981 |
| Operating grants & contributions | 370 | 1,441 | 460 | 145 | 830 | 1,586 |
| General revenues: | | | | | | |
| Property taxes | 13,587 | 13,298 | - | - | 13,587 | 13,298 |
| Other taxes | 19,510 | 17,762 | - | - | 19,510 | 17,762 |
| Other | 2,075 | 1,666 | 350 | 412 | 2,425 | 2,078 |
| Total Revenues | 41,004 | 39,308 | 14,065 | 15,397 | 55,069 | 54,705 |
| Expenses | | | | | | |
| General government | 5,770 | 6,252 | - | - | \$ 5,770 | 6,252 |
| Public safety | 13,452 | 12,641 | - | - | 13,452 | 12,641 |
| Development services | 833 | 549 | - | - | 833 | 549 |
| Streets & sanitation | 5,073 | 4,563 | - | - | 5,073 | 4,563 |
| Parks & recreation | 4,054 | 4,305 | - | - | 4,054 | 4,305 |
| Visitor services | 6,370 | 6,152 | - | - | 6,370 | 6,152 |
| Interest on long-term debt | 1,599 | 1,756 | - | - | 1,599 | 1,756 |
| Airport | - | - | 4,473 | 4,427 | 4,473 | 4,427 |
| Water & sewer utility | - | - | 8,512 | 8,182 | 8,512 | 8,182 |
| Total expenses | 37,151 | 36,218 | 12,985 | 12,609 | 50,136 | 48,827 |
| Increase (decrease) in net assets | 3,853 | 3,090 | 1,080 | 2,788 | 4,933 | 5,878 |
| Net assets - 10/01/06 | 139,265 | 136,175 | 43,522 | 40,734 | 182,787 | 176,909 |
| Net assets - 09/30/07 | \$ 143,118 | \$ 139,265 | \$ 44,602 | \$ 43,522 | \$ 187,720 | \$ 182,787 |

Governmental Activities

Governmental activities increased the Town of Addison's net assets by \$3,853. Increased revenues from taxes and charges for service offset the reduction in revenue from grants.

Business-Type Activities

- The Town's business-type activities experienced a \$1,080 increase in net assets. A loss of \$109 in Airport activities was offset by Utility fund net income of \$1,189. The loss in the Airport fund is attributed to an 11% decline in fuel flowage fees. Operating revenue from the Utility fund declined 16% from the previous year because the 2007 fiscal year witnessed a return to a typical summer with normal water sales contrasted to the 2006 fiscal year which had a hot, dry summer that caused exceptional water sales. Despite the reduction in operating revenue, the Utility fund still posted an increase in net assets.

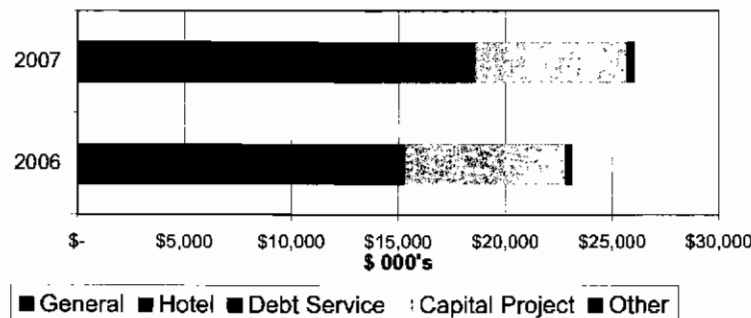
Financial Analysis of the Government Funds

Governmental funds – The focus of the Town of Addison's governmental funds is to provide information on short-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending following the end of the fiscal year.

As of September 30, 2007, the Town's governmental funds reported combined ending fund balances of \$26,020, an increase of \$2,899 compared to balances a year earlier. Illustration A-5 graphically presents the composition of the various fund balances. Of the ending balance, \$15,966 or 61% is *unreserved and undesignated* and is available to the Town for future spending. Most of the remaining fund balance is *reserved or designated* for future capital projects (\$7,115) and debt service (\$2,477). Components of the net increase of total fund balance are:

- In the General fund, expenditures totaled \$24,768 compared to revenues of \$27,277. Revenues increased \$1,442 from the previous year due in large part to a \$589 increase in ad valorem (property) tax collections and a growth of \$608 in sales and alcohol beverage taxes. The \$2,509 increase in the General fund balance compared favorably to the budgeted increase of \$1,139.
- In the Hotel fund, expenditures and transfers out to other funds totaled \$6,748 compared to revenues of \$7,491. Fund revenues increased \$951, fueled by an 11% increase in hotel occupancy tax collections. The \$743 increase in the Hotel fund balance exceeded the amended budgeted increase of \$136.
- Capital project funds recorded a net decrease of \$439 due to the planned expenditure of funds on capital projects.

**Illustration A-5
Governmental Fund Balances**



Proprietary funds - The Town of Addison's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net assets of the Airport fund at the end of the fiscal year amounted to \$1,929 while the Utility (water & sewer) fund reported unrestricted net assets of \$5,500. Issues relating to these two funds were discussed in preceding narrative of the Town's business-type activities.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget are described below:

- Revenues were amended to reflect increased revenue from sales tax (\$100), municipal court fines (\$150), and interest earnings (\$150).
- Allocations to various departments were made that resulted in a net increase to appropriations of \$433. Much of the increase (\$169) was to recognize higher personnel expenditures in the human resources, emergency communications, and fire departments. Also, the Combined Services department’s budget was increased by \$100 to accommodate higher legal fees.

The adjustments resulted in increasing budgeted revenue by 1.5% and increasing expenditures by less than one percent. The surplus of revenues over expenditures increased from \$910 to \$1,139. As noted earlier, fund balance actually increased by \$2,509.

Capital asset and Debt Administration

Capital assets – As detailed in Table A-3 below, the Town of Addison’s investment in capital assets for its governmental and business type activities as of September 30, 2007, totals \$197,334 (net of accumulated depreciation). This amount represents a \$3,866 decrease from the previous year and is attributed depreciation of existing assets exceeding investment in new assets. There was no capital project that was completed during the 2007 fiscal year. Projects that are in progress include the widening of Addison Road and the new fuel farm at the airport.

Table A-3
Town of Addison’s Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|-------------------------|-------------------|--------------------------|------------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| Land | \$ 64,156 | \$ 64,156 | \$ 10,223 | \$ 9,810 | \$ 74,379 | \$ 73,966 |
| Buildings | 14,201 | 14,759 | 1,718 | 1,780 | 15,919 | 16,539 |
| Improvements other than buildings | 65,545 | 69,508 | 30,280 | 31,142 | 95,825 | 100,650 |
| Machinery and equipment | 4,017 | 3,918 | 1,111 | 1,345 | 5,128 | 5,263 |
| Construction in progress | 2,192 | 1,138 | 3,891 | 3,644 | 6,083 | 4,782 |
| Total | \$ 150,111 | \$ 153,479 | \$ 47,223 | \$ 47,721 | \$ 197,334 | \$ 201,200 |

Long-term debt – At the end of the 2007 fiscal year the Town of Addison had total bonded debt outstanding of \$58,125 as detailed in Table A-4. No new debt was issued during the year.

Table A-4
Town of Addison’s Outstanding Debt
General Obligation Bonds, Certificates of Obligation, and Revenue Bonds

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| General obligation bonds | \$ 33,470 | \$ 36,725 | \$ 14,090 | \$ 15,805 | \$ 47,560 | \$ 52,530 |
| Certificates of obligation | 6,605 | 7,085 | 3,960 | 4,185 | 10,565 | 11,270 |
| Total | \$ 40,075 | \$ 43,810 | \$ 18,050 | \$ 19,990 | \$ 58,125 | \$ 63,800 |

The Town of Addison maintains an underlying bond rating of "AA" from Standard & Poor's and "Aa3" from Moody's. All of the Town's outstanding debt is insured, and, until recently, carried ratings of "AAA" by both rating agencies. On January 31, 2008 Standard & Poor's Ratings Services downgraded the insured financial strength rating of FGIC from AAA to AA. The Town's 2001 and 2002 general obligation bonds are insured by FGIC.

Economic Factors and Next Year's Budgets and Rates

- The Texas Workforce Commission no longer maintains individual statistics for cities with less than 25,000 population, and therefore information related to Addison employment is unavailable. However, the average unemployment rate for the adjacent cities of Carrollton and Farmers Branch as of December 2007 averaged 3.7% compared to 3.5% in 2006. The slight increase in unemployment rate mirrors that of Dallas County that recorded a 4.4% rate in 2007 and a 4.2% rate in 2006. The 2007 rate for the State of Texas was 4.3%.¹
- Sales tax collections were 5.7% greater than the amount collected in 2006. This is the fourth consecutive increase in annual collections.
- Hotel occupancy tax increased 11.1% from the previous year. Considering that Addison hotels cater to the business traveler, the significant increase can be interpreted to be representative of a robust local and regional economy during the 2007 fiscal year.
- In July 2007 Addison received its certified property tax roll from the Dallas Central Appraisal District. This certified roll is what Texas local governments use to levy taxes for their 2007-08 fiscal years' use. Certified taxable property values in Addison totaled \$3,481,842, which represented an 14.9% increase from the previous year and was the third consecutive increase in values.

These various factors were taken into consideration in development of the Town's 2007-08 annual budget. The annual budget is adopted within context of five-year financial plans for the General, Hotel, Airport, and Utility funds. The long-term financial plans project operating revenues and expenses and changes in fund balances related to the Town's adopted financial policy of maintaining a minimum 25% fund balance for these funds. Major aspects of the adopted 2007-08 budget include:

- The property tax rate was reduced 3.03¢ to \$.4337 per \$100 appraised value. Of the 2008 budget tax rate, \$.2990 was levied for operation/maintenance and \$.1347 for debt service. This compared to the 2007 distribution of \$.3110 and \$.1530 respectively. (*Note: the preceding numbers are not reflected in \$000's of dollars*).
- The General fund balance is projected to decline \$2,202 to \$8,192. The decline is attributed to the planned \$1,500 purchase of a long-term parking lease associated with construction of a new parking garage by a private developer in order to provide additional public parking for the Addison Circle development. The projected ending fund balance is 28.2% of operating expenditures.
- The Hotel fund balance is projected to decline \$253 to \$5,025.
- The budget reflects no increases to fees for services but does include raising the rents of hangars located at Addison Airport.

Requests for Information

This financial report is designed to provide a general overview of the Town of Addison's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Department of Financial and Strategic Services
Town of Addison
P.O. Box 9010 Addison, TX 75001

Telephone: (972) 450-7050 email: rmoravec@addisontx.gov

¹ Source: Texas Workforce Commission (December 2007 and 2006 data)



Basic Financial Statements

Addison![®]

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

| | Primary Government | | | Summarized 2006 Total |
|--|----------------------------|-----------------------------|-----------------------|-----------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and cash investments | \$ 31,593,851 | \$ 7,755,196 | \$ 39,349,047 | \$ 35,991,925 |
| Receivables (net of allowances for uncollectibles) | 4,454,219 | 1,865,117 | 6,319,336 | 6,558,519 |
| Inventory of supplies | 87,244 | - | 87,244 | 242,120 |
| Prepaid items | 363,145 | 89,566 | 452,711 | 108,346 |
| Deferred charges | 159,453 | 257,055 | 416,508 | 464,005 |
| Investment in joint venture | - | 7,515,556 | 7,515,556 | 7,564,267 |
| Capital Assets, net of accumulated depreciation | | | | |
| Land | 64,155,723 | 10,223,421 | 74,379,144 | 73,965,452 |
| Buildings | 14,201,171 | 1,717,461 | 15,918,632 | 16,538,291 |
| Improvements other than buildings | 65,544,317 | 30,280,075 | 95,824,392 | 100,650,819 |
| Machinery and equipment | 4,017,463 | 1,111,100 | 5,128,563 | 5,263,384 |
| Construction in progress | 2,191,994 | 3,891,409 | 6,083,403 | 4,782,663 |
| Total Assets | <u>\$ 186,768,580</u> | <u>\$ 64,705,956</u> | <u>\$ 251,474,536</u> | <u>\$ 252,129,791</u> |
| LIABILITIES AND NET ASSETS | | | | |
| LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | \$ 2,836,975 | \$ 1,485,327 | \$ 4,322,302 | \$ 3,923,725 |
| Compensated absences | 767,013 | - | 767,013 | 731,889 |
| Retainage payable | 44,501 | - | 44,501 | 367,810 |
| Intergovernmental payable | 5,543 | - | 5,543 | 4,867 |
| Customer deposits | 59,051 | 795,915 | 854,966 | 914,240 |
| Noncurrent liabilities: | | | | |
| Due within one year | 3,916,769 | 2,232,373 | 6,149,142 | 5,639,142 |
| Due in more than one year | 36,021,000 | 15,590,448 | 51,611,448 | 57,760,598 |
| Total Liabilities | <u>43,650,852</u> | <u>20,104,063</u> | <u>63,754,915</u> | <u>69,342,271</u> |
| NET ASSETS: | | | | |
| Invested in Capital Assets, net of related debt | 117,446,984 | 37,173,256 | 154,620,240 | 153,382,566 |
| Restricted for Debt Service | 1,569,846 | - | 1,569,846 | 1,578,392 |
| Unrestricted | 24,100,898 | 7,428,637 | 31,529,535 | 27,826,562 |
| Total Net Assets | <u>143,117,728</u> | <u>44,601,893</u> | <u>187,719,621</u> | <u>182,787,520</u> |
| Total Liabilities and Net Assets | <u>\$ 186,768,580</u> | <u>\$ 64,705,956</u> | <u>\$ 251,474,536</u> | <u>\$ 252,129,791</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | |
|--------------------------------|----------------------|----------------------|------------------------------------|---|----------------------------|------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business - Type Activities | Total |
| Primary government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 5,769,960 | \$ 285,301 | \$ - | \$ (5,484,659) | \$ - | \$ (5,484,659) |
| Public safety | 13,452,066 | 1,953,587 | - | (11,498,479) | - | (11,498,479) |
| Development services | 833,330 | 743,201 | - | (90,129) | - | (90,129) |
| Streets | 5,072,907 | 318,731 | 369,544 | (4,384,632) | - | (4,384,632) |
| Parks and recreation | 4,054,147 | 106,882 | - | (3,947,265) | - | (3,947,265) |
| Visitors services | 6,370,107 | 2,054,468 | - | (4,315,639) | - | (4,315,639) |
| Interest on Long-term Debt | 1,598,951 | - | - | (1,598,951) | - | (1,598,951) |
| Total governmental activities | <u>37,151,468</u> | <u>5,462,170</u> | <u>369,544</u> | <u>(31,319,754)</u> | <u>-</u> | <u>(31,319,754)</u> |
| Business-type activities: | | | | | | |
| Airport | 4,473,096 | 4,203,815 | - | - | (269,281) | (269,281) |
| Utilities | 8,512,308 | 9,050,758 | 460,497 | - | 998,947 | 998,947 |
| Total business-type activities | <u>12,985,404</u> | <u>13,254,573</u> | <u>460,497</u> | <u>-</u> | <u>729,666</u> | <u>729,666</u> |
| Total primary government | <u>\$ 50,136,872</u> | <u>\$ 18,716,743</u> | <u>\$ 830,041</u> | <u>\$ (31,319,754)</u> | <u>\$ 729,666</u> | <u>\$ (30,590,088)</u> |

GENERAL REVENUES:

| | |
|---|-------------------|
| Taxes: | |
| Property taxes, levied for general purposes | 13,587,051 |
| Sales taxes | 11,691,786 |
| Franchise taxes | 2,615,504 |
| Hotel motel taxes | 5,203,080 |
| Interest on investments | 1,700,412 |
| Miscellaneous | 374,662 |
| Total general revenues | <u>35,172,495</u> |

| | | |
|-------------------------------|-----------------------|-----------------------|
| Change in Net Assets | 1,079,360 | 4,932,101 |
| NET ASSETS, beginning of year | 139,264,987 | 182,787,520 |
| NET ASSETS, end of year | <u>\$ 143,117,728</u> | <u>\$ 187,719,621</u> |

Town of Addison, Texas
Basic Financial Statements

Governmental Funds
Balance Sheet
September 30, 2007

| | General | Hotel | General Obligation Debt Service | Hotel Debt Service | Capital Project Funds | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------------------------|-----------------------|-----------------------------|--------------------------------|--------------------------------|
| ASSETS: | | | | | | | |
| Cash and investments | \$ 10,128,020 | \$ 5,760,970 | \$ 1,620,478 | \$ 859,647 | \$ 7,212,779 | \$ 662,866 | \$ 26,244,760 |
| Receivables: | | | | | | | |
| Ad valorem taxes, including interest and penalties | 307,664 | - | 138,615 | - | - | - | 446,279 |
| Non-property taxes | 2,058,718 | 478,229 | - | - | - | - | 2,536,947 |
| Franchise fees | 344,998 | - | - | - | - | - | 344,998 |
| Service fees | 709,682 | - | - | - | - | - | 709,682 |
| Ambulance | 143,746 | - | - | - | - | - | 143,746 |
| Interest | 54,451 | 31,483 | 8,831 | 4,684 | 39,307 | 3,596 | 142,352 |
| Other | 9,010 | 92,055 | - | - | - | - | 101,065 |
| Prepaid items | 219,624 | - | - | - | 143,521 | - | 363,145 |
| Inventories, at cost | 86,294 | - | - | - | - | - | 86,294 |
| Total assets | \$ 14,062,207 | \$ 6,362,737 | \$ 1,767,924 | \$ 864,331 | \$ 7,395,607 | \$ 666,462 | \$ 31,119,268 |
| LIABILITIES AND FUND BALANCE: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued liabilities | \$ 1,123,555 | \$ 926,145 | \$ - | \$ - | \$ 236,474 | \$ 304,531 | \$ 2,590,705 |
| Contracts and retainage payable | - | - | - | - | 44,501 | - | 44,501 |
| Deferred Revenue | 2,244,175 | - | 154,771 | - | - | - | 2,398,946 |
| Intergovernmental payable | 5,543 | - | - | - | - | - | 5,543 |
| Customer deposits | 4,769 | 54,282 | - | - | - | - | 59,051 |
| Total liabilities | \$ 3,378,042 | \$ 980,427 | \$ 154,771 | \$ - | \$ 280,975 | \$ 304,531 | \$ 5,098,746 |
| Fund Balances: | | | | | | | |
| Fund balances reserved: | | | | | | | |
| Reserved for court technology | - | - | - | - | - | 83,904 | 83,904 |
| Reserved for building security | - | - | - | - | - | 72,237 | 72,237 |
| Reserved for inventories | 86,294 | - | - | - | - | - | 86,294 |
| Reserved for prepaid items | 219,624 | - | - | - | - | - | 219,624 |
| Reserved for debt service | - | - | 1,613,153 | - | - | - | 1,613,153 |
| Fund balances unreserved: | | | | | | | |
| Designated for debt service | - | - | - | 864,331 | - | - | 864,331 |
| Designated for capital outlay | - | - | - | - | 7,114,632 | - | 7,114,632 |
| Unreserved - undesignated | 10,378,247 | 5,382,310 | - | - | - | - | 15,760,557 |
| Unreserved - undesignated - Public Safety | - | - | - | - | - | 74,835 | 74,835 |
| Unreserved - undesignated - Arbor | - | - | - | - | - | 130,955 | 130,955 |
| Total fund balance | \$ 10,684,165 | \$ 5,382,310 | \$ 1,613,153 | \$ 864,331 | \$ 7,114,632 | \$ 361,931 | \$ 26,020,522 |
| Total liabilities and fund balance | \$ 14,062,207 | \$ 6,362,737 | \$ 1,767,924 | \$ 864,331 | \$ 7,395,607 | \$ 666,462 | \$ 31,119,268 |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

| | |
|--|------------------------------|
| Total Fund Balances - Governmental Funds | \$ 26,020,522 |
| <p>The Town uses internal service funds to charge the costs of certain activities, such as capital asset and information technology replacement, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The effect of this consolidation is to increase net assets.</p> | 8,658,183 |
| <p>Capital assets used in governmental activities, including infrastructure, are not financial resources and therefore are not reported in fund financial statements. Capital assets of \$211,592,678 net of accumulated depreciation of \$64,809,194 exclusive of the capital assets of internal service funds with a net carrying values of \$3,327,184 included above increased net assets in the government-wide financial statements.</p> | 146,783,484 |
| <p>Debt issue costs have been reflected net of amortization on the government wide financial statements.</p> | 159,453 |
| <p>Bonds payable and contractual obligations and related premium and deferred refunding amounts, have not been included in the fund financial statements.</p> | (39,937,769) |
| <p>Accrued liabilities for compensated absences have not been reflected in the fund financial statements.</p> | (767,013) |
| <p>Interest payable on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording accrued interest is to decrease net assets.</p> | (198,078) |
| <p>Revenue from property taxes and ambulance billings are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible accounts in the government-wide statements.</p> | 590,215 |
| <p>Revenue recognized at government-wide financial statements not recognized as revenue in the fund financial statements for sales taxes and franchise fees.</p> | <u>1,808,731</u> |
| Net Assets of Governmental Activities | <u><u>\$ 143,117,728</u></u> |

See accompanying notes to basic financial statements.

Governmental Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended September 30, 2007

| | General | Hotel | General Obligation Debt Service | Hotel Debt Service | Capital Project Funds | Other Governmental Funds | Total Governmental |
|--|-------------------|------------------|---------------------------------------|-----------------------|-----------------------------|--------------------------------|-----------------------|
| REVENUES: | | | | | | | |
| Ad Valorem Taxes | \$ 9,136,052 | - | \$ 4,493,744 | \$ - | - | \$ - | \$ 13,629,796 |
| Non-Property Taxes | 11,515,956 | 5,203,080 | - | - | - | - | 16,719,036 |
| Franchise Fees | 2,615,504 | - | - | - | - | - | 2,615,504 |
| Licenses and Permits | 743,201 | - | - | - | - | - | 743,201 |
| Intergovernmental | - | - | - | - | 185,297 | - | 185,297 |
| Service Fees | 1,229,291 | 1,419,562 | - | - | - | - | 2,648,853 |
| Fines and Forfeitures | 1,181,508 | - | - | - | - | 58,365 | 1,239,873 |
| Earnings on Investments | 568,276 | 233,339 | 126,716 | 53,397 | 405,092 | 29,229 | 1,416,049 |
| Rental Charges | 147,363 | 529,200 | - | - | - | - | 676,563 |
| Recycling proceeds | - | - | - | - | - | 32,703 | 32,703 |
| Developer Contributions | - | - | - | - | 184,247 | - | 184,247 |
| Other | 139,638 | 105,706 | - | - | 72,847 | 14,814 | 333,005 |
| Total revenues | 27,276,789 | 7,490,887 | 4,620,460 | 53,397 | 847,483 | 135,111 | 40,424,127 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General Government | 5,699,206 | - | - | - | - | - | 5,699,206 |
| Public Safety | 13,259,037 | - | - | - | - | 59,881 | 13,318,918 |
| Development Services | 770,557 | - | - | - | - | - | 770,557 |
| Streets | 1,476,582 | - | - | - | - | - | 1,476,582 |
| Parks and recreation | 3,562,422 | - | - | - | - | 6,609 | 3,569,031 |
| Visitor Services | - | 6,040,917 | - | - | - | - | 6,040,917 |
| Debt Service: | | | | | | | |
| Principal Retirement | - | - | 3,255,000 | 480,000 | - | - | 3,735,000 |
| Interest and fiscal charges | - | - | 1,401,735 | 226,712 | - | - | 1,628,447 |
| Capital Projects: | | | | | | | |
| Administration: | | | | | | | |
| Salaries and fringe benefits | - | - | - | - | 52,304 | - | 52,304 |
| Design and engineering: | | | | | | | |
| Engineering and contractual services | - | - | - | - | 123,695 | - | 123,695 |
| Construction and equipment | - | - | - | - | 1,110,279 | - | 1,110,279 |
| Total expenditures | 24,767,804 | 6,040,917 | 4,656,735 | 706,712 | 1,286,278 | 66,490 | 37,524,936 |
| Excess(deficiency) of revenues over expenditures | 2,508,985 | 1,449,970 | (36,275) | (653,315) | (438,795) | 68,621 | 2,899,191 |
| OTHER FINANCING SOURCES(USES): | | | | | | | |
| Transfers In | - | - | - | 706,710 | - | - | 706,710 |
| Transfers Out | - | (706,710) | - | - | - | - | (706,710) |
| Total Other Financing Sources(Uses) | - | (706,710) | - | 706,710 | - | - | - |
| Net change in fund balance | 2,508,985 | 743,260 | (36,275) | 53,395 | (438,795) | 68,621 | 2,899,191 |
| Fund balances at beginning of year | 8,175,180 | 4,639,050 | 1,649,428 | 810,936 | 7,553,427 | 293,310 | 23,121,331 |
| Fund balances at end of year | \$ 10,684,165 | \$ 5,382,310 | \$ 1,613,153 | \$ 864,331 | \$ 7,114,632 | \$ 361,931 | \$ 26,020,522 |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

TOWN OF ADDISON
RECONCILIATION OF THE GOVERNMENTAL FUNDS SCHEDULE OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

| | |
|--|---------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ 2,899,191 |
| The Town uses internal service funds to charge the costs of certain activities, such as capital asset and information technology replacement, to appropriate functions in other fund. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The effect of this consolidation is to increase net assets. | 317,329 |
| Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2006 capital outlays is to increase net assets. | 1,695,592 |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets. | (5,084,462) |
| Amortization of costs associated with debt issuances are not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's amortization is to decrease net assets. | (15,416) |
| Amortization of premiums and deferred refunding associated with debt issuances are not recognized as revenue and expense in the governmental funds since it does not provide current financial resources. The effect of recording the current year's amortization is to decrease net assets. | (3,046) |
| Current year long-term debt principal payments on contractual obligation bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements. | 3,735,000 |
| Increase in compensated absences liability are not shown in the fund financial statements. The net effect of the current year's decrease is to decrease net assets. | (35,124) |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The effect of recording the change in accrued interest is to increase net assets. | 47,958 |
| Revenue from property taxes, sales taxes, ambulance billings, and franchise fees not recognized in fund financial statements on the modified accrual basis were recognized on the accrual basis in the government wide financial statements. | 295,719 |
| Change in Net Assets of Governmental Activities | <u>\$ 3,852,741</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2007

| | Budget | | Actual GAAP Basis | Variance with Final Budget Positive(Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Ad Valorem Taxes | \$ 9,408,480 | \$ 9,408,480 | \$ 9,136,052 | \$ (272,428) |
| Non-Property Taxes | 11,148,820 | 11,248,820 | 11,515,956 | 267,136 |
| Franchise Fees | 2,691,660 | 2,691,660 | 2,615,504 | (76,156) |
| Licenses and Permits | 524,900 | 524,900 | 743,201 | 218,301 |
| Service Fees | 1,201,270 | 1,201,270 | 1,229,291 | 28,021 |
| Fines and Forfeitures | 893,000 | 1,043,000 | 1,181,508 | 138,508 |
| Earnings on Investments | 340,000 | 490,000 | 568,276 | 78,276 |
| Rental Charges | 144,000 | 144,000 | 147,363 | 3,363 |
| Other | 37,500 | 37,500 | 139,638 | 102,138 |
| <i>Total revenues</i> | <u>26,389,630</u> | <u>26,789,630</u> | <u>27,276,789</u> | <u>487,159</u> |
| EXPENDITURES: | | | | |
| General Government | 5,670,390 | 5,670,390 | 5,699,206 | (28,816) |
| Public Safety | 13,481,430 | 13,637,430 | 13,259,037 | 378,393 |
| Development Services | 783,720 | 783,720 | 770,557 | 13,163 |
| Streets | 1,689,200 | 1,704,200 | 1,476,582 | 227,618 |
| Parks and Recreation | 3,854,440 | 3,854,440 | 3,562,422 | 292,018 |
| <i>Total expenditures</i> | <u>25,479,180</u> | <u>25,650,180</u> | <u>24,767,804</u> | <u>882,376</u> |
| Excess (deficiency) of revenues over expenditures | 910,450 | 1,139,450 | 2,508,985 | 1,369,535 |
| Fund balances at beginning of year | <u>8,175,180</u> | <u>8,175,180</u> | <u>8,175,180</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 9,085,630</u> | <u>\$ 9,314,630</u> | <u>\$ 10,684,165</u> | <u>\$ 1,369,535</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Hotel Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended September 30, 2007

| | Budget | | Actual GAAP Basis | Variance with Final Budget Positive(Negative) |
|---|---------------------|---------------------|----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Hotel/motel occupancy taxes | \$ 4,672,500 | \$ 4,972,500 | \$ 5,203,080 | \$ 230,580 |
| Proceeds from special events | 1,122,400 | 1,222,400 | 1,419,562 | 197,162 |
| Conference centre rental | 500,000 | 500,000 | 465,720 | (34,280) |
| Theatre centre rental | 81,000 | 81,000 | 63,480 | (17,520) |
| Earnings on Investments | 168,300 | 168,300 | 233,339 | 65,039 |
| Other | 99,000 | 99,000 | 105,706 | 6,706 |
| <i>Total revenues</i> | <u>6,643,200</u> | <u>7,043,200</u> | <u>7,490,887</u> | <u>447,687</u> |
| EXPENDITURES: | | | | |
| Visitor Services | 829,920 | 879,920 | 801,919 | 78,001 |
| Conference centre | 955,150 | 960,150 | 942,884 | 17,266 |
| Marketing | 1,077,440 | 1,077,440 | 986,684 | 90,756 |
| Special events | 2,561,760 | 2,703,760 | 2,726,306 | (22,546) |
| Performing arts | 625,780 | 578,780 | 583,124 | (4,344) |
| Capital projects | - | - | - | - |
| <i>Total expenditures</i> | <u>6,050,050</u> | <u>6,200,050</u> | <u>6,040,917</u> | <u>159,133</u> |
| Excess(deficiency) of revenues over expenditures | 593,150 | 843,150 | 1,449,970 | 606,820 |
| OTHER FINANCING SOURCES(USES): | | | | |
| Transfers Out | <u>(706,710)</u> | <u>(706,710)</u> | <u>(706,710)</u> | <u>-</u> |
| Net change in fund balance | (113,560) | 136,440 | 743,260 | 606,820 |
| Fund balances at beginning of year | <u>4,639,050</u> | <u>4,639,050</u> | <u>4,639,050</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 4,525,490</u> | <u>\$ 4,775,490</u> | <u>\$ 5,382,310</u> | <u>\$ 606,820</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Net Assets
September 30, 2007

| | Business Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------------|----------------------|-------------------------|
| | Airport | Utility | Total | Internal Service |
| ASSETS: | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 2,423,876 | \$ 5,331,320 | \$ 7,755,196 | \$ 5,349,091 |
| Interest receivable | 13,239 | 29,566 | 42,805 | 29,150 |
| Accounts receivable | 350,406 | 1,471,906 | 1,822,312 | - |
| Prepaid items | - | 89,566 | 89,566 | - |
| Inventory | - | - | - | 950 |
| <i>Total current assets</i> | <u>2,787,521</u> | <u>6,922,358</u> | <u>9,709,879</u> | <u>5,379,191</u> |
| Noncurrent Assets: | | | | |
| Deferred charges | 32,545 | 224,510 | 257,055 | - |
| Capital assets: | | | | |
| Land | 8,911,357 | 1,312,064 | 10,223,421 | - |
| Buildings | 1,386,047 | 1,728,905 | 3,114,952 | - |
| Improvements other than buildings | 16,985,154 | 39,745,423 | 56,730,577 | - |
| Machinery and equipment | 1,136,339 | 1,868,400 | 3,004,739 | 14,894,149 |
| Accumulated depreciation | (12,276,387) | (17,465,245) | (29,741,632) | (11,566,965) |
| Total capital assets, net of accumulated depreciation | 16,142,510 | 27,189,547 | 43,332,057 | 3,327,184 |
| Construction in progress | 3,891,409 | - | 3,891,409 | - |
| <i>Net property, plant, and equipment</i> | <u>20,033,919</u> | <u>27,189,547</u> | <u>47,223,466</u> | <u>3,327,184</u> |
| Investment in joint venture | - | 7,515,556 | 7,515,556 | - |
| <i>Total assets</i> | <u>22,853,985</u> | <u>41,851,971</u> | <u>64,705,956</u> | <u>8,706,375</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 669,949 | 727,029 | 1,396,978 | 48,192 |
| Current maturities of general obligation bonds | 235,000 | 1,997,373 | 2,232,373 | - |
| Accrued interest payable | 19,410 | 68,939 | 88,349 | - |
| Customer deposits | 169,659 | 626,256 | 795,915 | - |
| <i>Total current liabilities</i> | <u>1,094,018</u> | <u>3,419,597</u> | <u>4,513,615</u> | <u>48,192</u> |
| Long-term debt, net of current portion: | | | | |
| General obligation bonds payable | 3,725,000 | 11,865,448 | 15,590,448 | - |
| <i>Total long-term debt</i> | <u>3,725,000</u> | <u>11,865,448</u> | <u>15,590,448</u> | <u>-</u> |
| <i>Total liabilities</i> | <u>4,819,018</u> | <u>15,285,045</u> | <u>20,104,063</u> | <u>48,192</u> |
| NET ASSETS: | | | | |
| Invested in capital assets, net of related debt | 16,106,464 | 21,066,792 | 37,173,256 | 3,327,184 |
| Unrestricted | 1,928,503 | 5,500,134 | 7,428,637 | 5,330,999 |
| <i>Total net assets</i> | <u>\$ 18,034,967</u> | <u>\$ 26,566,926</u> | <u>\$ 44,601,893</u> | <u>\$ 8,658,183</u> |

See accompanying notes to basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended September 30, 2007

| | Business Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|----------------------|----------------------|----------------------------|
| | Airport | Utility | Total | Internal Service |
| OPERATING REVENUES: | | | | |
| Water | \$ - | \$ 4,249,522 | \$ 4,249,522 | \$ - |
| Sewer | - | 4,658,814 | 4,658,814 | - |
| Penalties | - | 133,522 | 133,522 | - |
| Water and sewer taps | - | 8,900 | 8,900 | - |
| Fuel flowage fees | 910,186 | - | 910,186 | - |
| Customs agent fees | 38,074 | - | 38,074 | - |
| Rental charges | 3,242,816 | - | 3,242,816 | - |
| Other income | 12,739 | - | 12,739 | - |
| Department contributions | - | - | - | 1,087,336 |
| <i>Total operating revenues</i> | <u>4,203,815</u> | <u>9,050,758</u> | <u>13,254,573</u> | <u>1,087,336</u> |
| OPERATING EXPENSES: | | | | |
| Salaries and fringe benefits | 258,772 | 1,168,331 | 1,427,103 | - |
| Supplies | 16,560 | 111,994 | 128,554 | - |
| Maintenance and materials | 1,709,320 | 317,096 | 2,026,416 | 3,505 |
| Contractual services | 1,554,274 | 523,604 | 2,077,878 | 2,088 |
| Water purchases | - | 2,467,321 | 2,467,321 | - |
| Wastewater transmission and treatment | - | 2,168,904 | 2,168,904 | - |
| <i>Total operating expenses (excluding depreciation)</i> | <u>3,538,926</u> | <u>6,757,250</u> | <u>10,296,176</u> | <u>5,593</u> |
| Depreciation | 773,608 | 1,102,555 | 1,876,163 | 899,948 |
| <i>Total operating expenses</i> | <u>4,312,534</u> | <u>7,859,805</u> | <u>12,172,339</u> | <u>905,541</u> |
| OPERATING INCOME (LOSS) | <u>(108,719)</u> | <u>1,190,953</u> | <u>1,082,234</u> | <u>181,795</u> |
| NONOPERATING REVENUES AND (EXPENSES): | | | | |
| Investment Income | 159,745 | 228,325 | 388,070 | 284,363 |
| Rental income | - | 1,925 | 1,925 | - |
| Other income | - | (40,300) | (40,300) | 7,290 |
| Interest expense | (158,238) | (572,175) | (730,413) | - |
| Amortization expense | (2,324) | (79,508) | (81,832) | - |
| Other expenses | - | (821) | (821) | (156,119) |
| <i>Total nonoperating revenues (expenses)</i> | <u>(817)</u> | <u>(462,554)</u> | <u>(463,371)</u> | <u>135,534</u> |
| NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | <u>(109,536)</u> | <u>728,399</u> | <u>618,863</u> | <u>317,329</u> |
| Capital contributions | - | 460,497 | 460,497 | - |
| CHANGE IN NET ASSETS | <u>(109,536)</u> | <u>1,188,896</u> | <u>1,079,360</u> | <u>317,329</u> |
| Net assets at the beginning of the year | <u>18,144,503</u> | <u>25,378,030</u> | <u>43,522,533</u> | <u>8,340,854</u> |
| <i>Net assets at end of year</i> | <u>\$ 18,034,967</u> | <u>\$ 26,566,926</u> | <u>\$ 44,601,893</u> | <u>\$ 8,658,183</u> |

See accompanying notes to the basic financial statements.

Town of Addison, Texas
Basic Financial Statements

Proprietary Funds
Statement of Cash Flows
Year Ended September 30, 2007

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|--|---|---------------------|---------------------|-------------------------|
| | Airport | Utility | Total | Internal Service |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 3,915,947 | \$ 9,626,826 | \$ 13,542,773 | \$ - |
| Department contributions | - | - | - | 1,087,336 |
| Payments to suppliers | (3,303,842) | (5,506,090) | (8,809,932) | 14,256 |
| Payments to employees for services | (258,772) | (1,168,331) | (1,427,103) | - |
| <i>Net cash provided by operating activities</i> | <u>353,333</u> | <u>2,952,405</u> | <u>3,305,738</u> | <u>1,101,592</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition and construction of capital assets | (719,400) | (198,315) | (457,218) | (1,069,177) |
| Principal paid on revenue and general obligation bonds | (225,000) | (1,682,142) | (1,907,142) | - |
| Proceeds from the sales of assets | - | - | - | - |
| Interest paid on bonds | (159,223) | (628,813) | (788,036) | - |
| Other | - | 7,589 | 7,589 | - |
| <i>Net cash used by capital and related financing activities</i> | <u>(1,103,623)</u> | <u>(2,501,681)</u> | <u>(3,144,807)</u> | <u>(1,069,177)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on cash and investments | 164,273 | 228,510 | 392,783 | 285,150 |
| Cash received from equipment rental | - | 1,925 | 1,925 | - |
| <i>Net cash provided by investment activities</i> | <u>164,273</u> | <u>230,435</u> | <u>394,708</u> | <u>285,150</u> |
| <i>Net increase (decrease) in cash and cash investments</i> | (586,017) | 681,159 | 555,639 | 317,565 |
| Cash and cash investments, October 1 | 3,009,893 | 4,650,161 | 7,660,054 | 5,031,526 |
| Cash and cash investments, September 30 | <u>\$ 2,423,876</u> | <u>\$ 5,331,320</u> | <u>\$ 7,755,196</u> | <u>\$ 5,349,091</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Capital Contribution | - | 460,497 | 460,497 | - |
| Gain / (Loss) of joint venture | - | (48,711) | (48,711) | - |
| <i>Net noncash items from capital and related financing activities</i> | <u>\$ -</u> | <u>\$ 411,786</u> | <u>\$ 411,786</u> | <u>\$ -</u> |
| Reconciliation of income (loss) from operations to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ (108,719) | \$ 1,190,953 | \$ 1,082,234 | \$ 181,795 |
| Adjustments to reconcile income (loss) from operations to net cash provided by operating activities: | | | | |
| Depreciation expense | 773,608 | 1,102,555 | 1,876,163 | 899,948 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (274,217) | 629,332 | 355,115 | - |
| (Increase) decrease in inventories | 147,778 | - | 147,778 | - |
| (Increase) decrease in prepaid items | - | 10,336 | 10,336 | - |
| Increase (decrease) in customer deposits | (13,651) | 72,493 | 58,842 | - |
| Increase (decrease) in accounts payable and accrued liabilities | (171,466) | (53,264) | (53,264) | - |
| <i>Net cash provided by operating activities</i> | <u>\$ 353,333</u> | <u>\$ 2,952,405</u> | <u>\$ 3,305,738</u> | <u>\$ 1,101,592</u> |

See accompanying notes to the basic financial statements.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Addison, Texas ("Town"), relating to the funds included in the accompanying financial statements conform to the generally accepted accounting principles applicable to state and local governments. The following represent the more significant accounting and reporting policies and practices used by the Town:

A. Reporting Entity

The Town is a municipal corporation incorporated on June 15, 1953, under the Constitution of the State of Texas (Home Rule Amendment). The Town's Charter was amended by an election on January 16, 1993. The Town operates as a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the Town and its inhabitants.

The Town is a financial reporting entity as defined by GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*." The Town's financial statements include the accounts of all Town operations. As required by Generally Accepted Accounting Principles (GAAP), these financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town (the primary government) is financially accountable if it appoints a voting majority of organization's governing board and (1) it has the ability to impose its will on the organization, or (2) there is potential for the organization to provide a financial benefit or impose a financial burden on the Town. The Town is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The financial statements are formatted so that the reader can clearly distinguish between the primary government and its component units. Since some relationships with the primary government are extensive, however, some component units are blended as though they are part of the primary government. The following blended component unit has a September 30 year-end.

Blended Component Unit. The Addison Parks Foundation is a Texas non-profit corporation organized to promote the park system and the parks and recreation programs of the Town. Donations and gifts from the public, as well as, recycling revenues are used to support activities stipulated by the charter of the Corporation. The foundation is governed by a board appointed by the Town's elected council and is comprised of the Assistant City Manager, Director of Parks and Recreation, and the Director of Financial and Strategic Services. Transactions of the foundation are accounted for in the Arbor fund that is presented in the non-major governmental funds statements section of the report. The foundation provides services entirely to the Town, and therefore, is included as a blended component of the Town.

B. Basic Financial Statements

The basic financial statements include both government-wide financial statements (based on the Town as a whole) and fund financial statements. Both sets of financial statements classify activities as either governmental activities, which are supported by taxes and intergovernmental revenues, or business-type activities, which rely on fees and charges for support.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to what is being measured and basis of accounting refers to timing of revenue and expenditure recognition in financial statements. The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers all revenues available if they are collected within thirty (30) days after year-end. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Ad Valorem (property), sales, and hotel taxes, as well as franchise fees, recorded in the General fund and ad valorem tax revenues recorded in the General Obligation Debt Service fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and sewer function and various other functions of the Town and charges of the internal service funds to the water and sewer funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund and other government's internal service funds include the cost of sales and services,

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund. Revenues which are not allocated by law or contractual agreement to other funds are accounted for in this fund.

Hotel Fund – The Hotel Fund is used to account for tax revenues received from local hotels. Expenditures must fall within the guidelines set forth in the Texas Hotel Occupancy Tax Act (Article 1269: Vernon's Texas Civil Statutes).

General Obligation Debt Service Fund – The General Obligation Debt Service Fund accounts for the accumulation of resources to be used for the payment of principal and interest on the general obligation bonded debt of the Town.

Hotel Debt Service Fund – The Hotel Debt Service Fund accounts for the accumulation of resources to be used for the payment of principle and interest on the Hotel Occupancy Tax Revenue bonds and certificates of obligation.

Capital Projects Fund – The Capital Projects fund is used to account for financial resources related to the acquisition, construction, or improvements of major capital assets.

Additionally, the Town reports the following nonmajor funds:

Municipal Court Fund – The Municipal Court Fund accounts for the Town's court building security and technology fees that are generated from court citation fines. According to state law, the revenue generated from these fees may only be spent on the municipal court function.

Public Safety Fund – The Public Safety Fund accounts for awards of monies or property by the courts relating to cases that involve the Addison Police Department. In prior years, this fund was classified as an expendable trust fund.

Arbor Fund – The Arbor Fund is used to account for transactions related to the Town's Parks Foundation, a Texas non-profit corporation organized to promote the public park system and parks and recreation programs of the Town through donations and gifts from the public, as well as, recycling revenue recovered from the Town's businesses and residents. This fund represents a blended component unit of the Town.

The Town reports the following major proprietary funds:

Airport Fund – The Airport Fund accounts for all revenue generated by the Town's general aviation airport. The Town is required to spend this revenue on airport functions. The airport's operating, maintenance, and capital expenses are supported solely by airport income.

Utility Fund - The Utility Fund provides water and sewer services to the residents and businesses of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to administration, operations, maintenance, financing and related debt service, and billing collection.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

Additionally, the Town reports the following internal service funds:

Information Technology Replacement Fund – The Information Technology Fund is used to accumulate sufficient resources to replace existing information technology systems. Resources are acquired through charges to operating departments in the governmental funds. The charges are calculated using a straight-line amortization of each component of a system based upon the component's expected life. The funds are used to finance replacement equipment when needed.

Capital Replacement Fund – The Capital Replacement Fund is used to accumulate sufficient resources to replace existing capital equipment that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the governmental funds. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. The funds are used to finance replacement equipment when needed.

Private-sector standards of accounting and financial reporting issued after November 30, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Assets, liabilities, and net assets or equity

1) Cash and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

To maximize investment opportunities, all funds participate in a pooling of cash and value.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities; obligations of the State of Texas and related agencies; obligations of state, agencies, counties, cities and other political subdivisions of any state rated A or above by Standard & Poor's Corporation or Moody's Investors Service; certificates of deposit issued by state or national banks and savings banks domiciled in Texas; fully collateralized direct repurchase agreements; prime domestic banker's acceptances (BA's); commercial paper with a stated maturity of 180 days or less, with a rating of not less than A-1+ or its equivalent; and state or local government investment pools.

Investments for the Town are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The Town considers quoted market price at September 30, 2007 to be the fair value of investments. The government investment pool, TexPool, operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of pool shares.

2) Receivables and Payables

All receivables for the Town are reported net of an allowance for uncollectibles. The allowances are based on historical collections data and evaluated periodically. The property tax receivable allowance, based on past collections, is \$99,643.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

The Town's property tax lien is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Values are assessed at 100% of the estimated market value. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance.

3) Inventories

Inventories, which are expended as they are consumed, are stated at cost. Cost is determined for inventories of supplies and fuel using the moving-average method.

4) Capital Assets

Capital assets include land, buildings, equipment, and improvements. Improvements include upgrading facilities other than buildings such as streets or sewers and infrastructure, including pavement, storm sewers, and right-of-way contributed by developers. Capital expenditures are defined as purchases that meet specific guidelines as listed below:

- Expected useful life must be one year or more.
- Original unit cost of the item should be \$5,000 or greater and includes all costs enabling the item into operation, such as freight, installation, and accessories.
- The item should not be consumed, unduly altered, or materially reduced in value immediately by use.

The governmental activities Land and Improvements other than Buildings categories include amounts for Infrastructure. Related accumulated depreciation of Improvements other than Buildings includes amounts associated with infrastructure. Subsequently, Infrastructure is tracked and reported as a separate component of governmental activities general capital assets.

The internal service funds may record assets that have an original cost of \$5,000 or less. Assets are considered part of an overall system. Individual items may be retired and replaced as parts of the larger system.

Contributed assets are recorded at fair market value as of the date donated. Depreciation of property, plant, and equipment by major classes is provided by the straight-line method based on the following estimated useful lives by major class of depreciable capital assets:

| | |
|--|-------------|
| Buildings..... | 50 years |
| Improvements other than buildings..... | 20-50 years |
| Equipment..... | 3-50 years |

Depreciation of current year additions and retirements is computed at one-half the straight-line rate.

Beginning in fiscal year 2001, The Town implemented GASB Statement No. 33 and recorded capital contributions to proprietary funds as revenue rather than additions to contributed capital.

5) Compensated Absences

Vacation, holiday, and sick pay costs are charged to operations when taken by the employees of the Town. In the event of termination, an employee is reimbursed for all accumulated vacation and holiday days not exceeding two years accumulation. The amounts of such liabilities have been provided for in

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

the government wide statements. No reimbursements upon termination are made for accumulated sick leave; accordingly, no liability for unused sick leave has been provided.

6) Fund Equity

In the fund financial statements, governmental funds report reservations for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances and net assets are restricted and/or designated for the following purposes:

Reserves:

Prepaid Items and Inventories – A reserve for payments to vendors for services that will benefit periods beyond September 30, 2007.

Court Technology – A reserve that signifies fund balance is restricted for municipal court technology improvements.

Building Security – A reserve that signifies fund balance is restricted for municipal court building security improvements.

Debt Service – A reserve that signifies fund balance is restricted for the retirement of long-term debt.

Designations:

Capital Outlay – Designation of resources to fund capital outlay expenditures.

Debt Service – Funds obtained from hotel occupancy taxes designated for retirement of general long-term debt.

7) Comparative Data/Reclassification

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2007, from which the summarized information was derived.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budget Policy – The City Council follows these procedures in establishing the budget reflected in the financial statements:

- 1) Prior to August 1st each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means to finance them.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

- 2) Public hearings are conducted where all interested persons' comments concerning the budget are heard.
- 3) The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
- 4) The department level is the legal level of control enacted by the Town Charter. The Town has also adopted a budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Financial and Strategic Services Director. Transfers between operating departments may occur with the approval of the City Manager and Financial and Strategic Services Director provided a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance.

- 5) Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget for the Capital Project Funds are normally established pursuant to the terms of the related bond indentures, that is, project basis.

Budget Data – The budget amounts presented in the statements reflect original and amended budget amounts. During the fiscal year, several budget amendments were approved by the City Council. The most notable amendments are described in the remainder of this section. In the General Fund, revenues were increased \$400,000 due to an increase in court fine collections (\$150,000), increased interest earnings (\$150,000), and increased sales tax collections (\$100,000). General Fund expenses were increased \$433,000 primarily for additional legal expense, overtime for the Fire department due to vacancies, and various additional repair and maintenance costs. In the Hotel Fund, revenues were increased by \$400,000 for an increase in hotel occupancy taxes (\$300,000) and increased attendance for Taste Addison (\$100,000). Hotel Fund expenses were increased by \$125,000 primarily for the Taste Addison event and a promotional video for the Addison hotels. In the Airport fund, expenses were increased \$140,000 for unanticipated additional litigation costs.

Encumbrance accounting is employed in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The Town has five bank accounts: the Operating Account, Controlled Disbursement Account, Payroll Account, ACH/Wire Account, and Benefits Account. The Controlled Disbursements and Payroll Accounts are zero-balance accounts. The ACH/Wire account is used for all receipts and expenditures made by ACH or wire transfer. The Town uses the Operating Account as an investment pool available for all funds. Each fund type's portion of this pool is reported on the Combined Balance sheet as "cash and investments." The other demand accounts are reported in the same manner.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

The investment policies of the Town are governed by State statutes and a City Council adopted Investment Policy Ordinance. Major provisions of the Town's investment policy include: responsibility for investments, authorized investments, bank and security dealer selection and qualifying procedures, safekeeping and custodial procedures, statement of investment objectives, and investment reporting procedures.

Cash

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The Town's deposits were fully insured or collateralized as required by the state statutes at September 30, 2007. At year-end, the carrying amount of the Town's deposits was a credit balance of \$715,106 primarily consisting of outstanding checks and the respective bank balance totaled \$436,547. The general ledger account balance is negative due to the cash management policy of the Town. Under this policy, idle cash is invested until checks are presented to the Town's bank. The balance, therefore, is reflective of the timing differences of when checks were issued and presented to the bank. Of the bank balance, \$100,000 was covered by Federal Deposit Insurance. The remaining balance of \$336,547 was collateralized with securities held by the pledging financial institution's account at the Federal Reserve Bank in the Town's name.

In order to maximize interest earnings, the Town utilizes a controlled disbursement account that allows the Town to deposit only as much money needed to fund checks presented for payment each day. The amount required is withdrawn from the investment pool.

External Investment Pools

The Town's pool investments as of September 30, 2007 were invested in TexPool and TexSTAR (Texas Short Term Asset Reserve program).

Lehman Brothers is the administrator for the TexPool program providing participant services and marketing functions. Lehman Brothers is the participant contact point for account maintenance, assistance with transactions, and other administrative information. Federated Investors is the investment manager and custodian to TexPool. Federated Investors provides fund accounting and transfer agency services to TexPool.

JPMorgan Fleming Asset Management (USA), ("JPMFAM") and First Southwest Asset Management, Inc. ("FSAM") serve as co-administrators for TexSTAR under an agreement with the TexSTAR board of directors. JPMFAM provides investment services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JPMorgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

TexPool and TexSTAR are not registered with the Securities and Exchange Commission (SEC) as investment companies. TexPool and TexSTAR are investment pools that have been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

NOTES TO FINANCIAL STATEMENTS
 September 30, 2007

The fair value of the Town's position in the external investment pool is the same as the value of the pool shares.

Investments

As of September 30, 2007, the Town held the following investments:

| | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> |
|---------------------------------------|----------------------|---|
| Agency Securities | \$ 25,077,593 | 326 |
| Commercial Paper | 6,428,401 | 80 |
| Certificate of Deposit | <u>2,051,039</u> | 918 |
| <i>Total investment in securities</i> | <u>33,557,033</u> | |
| | | |
| Investment in Pools | | |
| TexStar | 4,285,043 | 1 |
| TexPool | <u>2,202,776</u> | 1 |
| <i>Total investment in pools</i> | <u>6,487,819</u> | |
| | | |
| <i>Total Investments</i> | \$ <u>40,044,852</u> | 263 |

Interest Rate Risk – In accordance with its investment policy, the Town manages its exposure to declines in fair value by limiting the weighted average days to maturity of its investment portfolio to 18 months (540 days).

Credit Risk – The reported investments meet the criteria specified in the Town's investments policy related to the specific types of instruments presented.

- a) Debentures or discount notes with a maturity not to exceed five (5) years from the date of purchase issued by, guaranteed by, or for which the credit of any of the following Federal Agencies and Instrumentalities is pledged for payment: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Banks (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). The Town's investments in bonds of U.S. Agencies were rated Aaa by Moody's Investors Service and AAA by Standard and Poor's. Principal-only and interest-only backed securities and collateralized mortgage obligations and real estate mortgage investment conduits are expressly prohibited.
- b) Prime commercial paper with an original maturity of one hundred eighty (180) days or less which at the time of purchase, is rated at least:
 - A-1 by Standard & Poors
 - P-1 by Moodys or
 - D-1 by Duff & Phelps
 - (1) At the time of purchase, the commercial paper must be rated by at least two (2) of the above stated ratings agencies at the above stated minimum credit rating.
 - (2) If more than two (2) of the above rated agencies rates an issuer, all the rating agencies must rate the issuer in accordance with the above stated minimum credit criteria.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

- (3) If the commercial paper issuer has senior debt* outstanding, the senior debt must be rated by each service that publishes a rating of the issue at least:
- A-1 by Moodys
 - A+ by Standard and Poors
 - A+ Duff and Phelps
- *senior debt is defined as the most senior secured or unsecured debt of an issuer with an original maturity exceeding one year.

If the commercial paper issuer is given a "plus (+) rating", the maximum maturity of two hundred seventy (270) days or less will be allowed.

- c) Time Certificates of Deposit with a maturity not to exceed three (3) years from the date of purchase, insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, in depository institutions that have a main office or a branch in the state of Texas. In addition, separate CDs issued by depositories wherever located, bundled together into a single investment with the full amount of principle and interest of each CD federally insured may be purchased through a selected depository institution with its main office or branch office in Texas. This depository shall act as the custodian for the various certificates on behalf of the Town.
- d) State Investment Pools organized under the Interlocal Cooperation Act that meet the requirements of Chapter 2256 Texas Government Code and have been specifically approved by the Director and authorized by the City Council. Texpool and TexSTAR are both currently rated AAA by Standard and Poor's.

Concentration of Credit Risk – It is the policy of the Town to avoid a concentration of assets in a specific maturity, a specific issue, or a specific class of securities. The applicable limits on the Town's current investments are Instrumentality Securities (70%) of which the Town's portfolio is currently at 62.62%, Commercial Paper (30%) of which the Town's portfolio is currently at 16.05%, Certificates of Deposit (30%) of which the Town's portfolio is currently at 5.12%, and Local Government Investment Pools (40%) of which the Town's portfolio is currently at 16.20%.

B. Ad Valorem (property) Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Town's property tax is levied on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Assessed values are established by Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 2006, upon which the fiscal 2007 levy is based, was \$3,029,605,430.

The Town is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ended September 30, 2007 was \$.4640 per \$100 of which \$.3110 was allocated for general government and \$.1530 was allocated for the payment of principal and interest on general obligation and certificates of obligation long-term debt.

Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Taxes unpaid as of February 1 are subject to penalty and interest as the City Council provides by ordinance. Current tax collections for the year ended September 30, 2007 were 97.1% of the tax levy.

NOTES TO FINANCIAL STATEMENTS
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In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the Town may at its own expense require annual reviews of appraised values. The Town may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this arrangement, the Town continues to set tax rates on Town property. However, if the effective tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. This legislation also provides that, if approved by the qualified voters in the Town, both the appraisal and collection functions may be placed with the appraisal district.

Taxes are recognized as revenue beginning on the date of levy when they become available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay current liabilities. Taxes not expected to be collected within thirty (30) days of the fiscal year ending are recorded as deferred revenues and recognized as they become available. Taxes collected prior to the levy date to which they apply are recorded as deferred revenues and recognized as revenue of the period to which they apply. An allowance for uncollectible taxes, including principal and interest, is provided based on an analysis of historical trends. The allowance for uncollectible taxes at September 30, 2007 was \$99,643.

C. Receivables

As of September 30, 2007, receivables for the Town's individual major funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

| | General | Hotel | Debt Service | Hotel Debt Service | Capital Projects | Non-major and Internal Service Funds | Total |
|---------------------------------------|---------------------|-------------------|-------------------|--------------------------|---------------------|---|---------------------|
| Ad Valorem Taxes | \$ 376,358 | \$ | \$ 169,564 | \$ | \$ | \$ | \$ 545,922 |
| Non Property Taxes | 2,058,718 | 478,229 | | | | | 2,536,947 |
| Franchise Fees | 344,998 | | | | | | 344,998 |
| Service Fees | 1,951,717 | | | | | | 1,951,717 |
| Ambulance | 308,702 | | | | | | 308,702 |
| Interest | 54,450 | 31,483 | 8,831 | 4,684 | 39,307 | 32,746 | 171,501 |
| Other | <u>9,010</u> | <u>92,055</u> | | | | | <u>101,065</u> |
| Gross Receivables | \$ 5,103,953 | \$ 601,767 | \$ 178,395 | \$ 4,684 | \$ 39,307 | \$ 32,746 | \$ 5,960,852 |
| Less: Allowance for Uncollectibles | <u>1,475,684</u> | | <u>30,949</u> | | | | <u>1,506,633</u> |
| Net Receivables | <u>\$ 3,628,269</u> | <u>\$ 601,767</u> | <u>\$ 147,446</u> | <u>\$ 4,684</u> | <u>\$ 39,307</u> | <u>\$ 32,746</u> | <u>\$ 4,454,219</u> |

The allowance for uncollectible accounts represents reserves for ambulance (\$164,956), court warrant (\$1,242,034), and property tax receivables (\$99,643).

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

D. Capital Assets

Capital Asset activity for the year ended September 30, 2007 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|---|--------------------------|-----------------------|------------------|------------------|-----------------------|
| Governmental Activities: | | | | | |
| Capital Assets, not being depreciated: | | | | | |
| Land | \$ 64,155,723 | \$ | \$ | \$ | \$ 64,155,723 |
| Construction in progress | 1,138,156 | 1,053,838 | | | 2,191,994 |
| <i>Total Capital Assets, not being depreciated</i> | <u>65,293,879</u> | <u>1,053,838</u> | | | <u>66,347,717</u> |
| Capital Assets, being depreciated: | | | | | |
| Buildings | 21,409,464 | | | | 21,409,464 |
| Improvements other than buildings | 121,634,333 | 405,862 | | | 122,040,195 |
| Machinery and equipment | 15,691,950 | 1,156,242 | (158,740) | | 16,689,452 |
| <i>Total Capital Assets, being depreciated</i> | <u>158,735,747</u> | <u>1,562,104</u> | <u>(158,740)</u> | | <u>160,139,111</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (6,650,933) | (557,360) | | | (7,208,293) |
| Improvements other than buildings | (52,126,230) | (4,369,648) | | | (56,495,878) |
| Machinery and equipment | (11,773,270) | (1,057,459) | 158,740 | | (12,671,989) |
| <i>Total Accumulated Depreciation</i> | <u>(70,550,433)</u> | <u>(5,984,467)</u> | <u>158,740</u> | | <u>(76,376,160)</u> |
| <i>Total Capital Assets, being depreciated, net</i> | <u>88,185,314</u> | <u>(422,363)</u> | | | <u>83,762,951</u> |
| <i>Governmental Activities capital assets, net</i> | <u>\$ 153,479,193</u> | <u>\$ (3,368,525)</u> | <u>\$</u> | <u>\$</u> | <u>\$ 150,110,668</u> |
| Business-type Activities: | | | | | |
| Capital Assets, not being depreciated: | | | | | |
| Land | \$ 9,809,729 | \$ 413,692 | \$ | \$ | \$ 10,223,421 |
| Construction in progress | 3,644,507 | 246,902 | | | 3,891,409 |
| <i>Total Capital Assets, not being depreciated</i> | <u>13,454,236</u> | <u>660,594</u> | | | <u>14,114,830</u> |
| Capital Assets, being depreciated: | | | | | |
| Buildings | 3,114,952 | | | | 3,114,952 |
| Improvements other than buildings | 56,052,078 | 678,499 | | | 56,730,577 |
| Machinery and equipment | 2,965,619 | 39,120 | | | 3,004,739 |
| <i>Total Capital Assets, being depreciated</i> | <u>62,132,649</u> | <u>717,619</u> | | | <u>62,850,268</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (1,335,192) | (62,299) | | | (1,397,491) |
| Improvements other than buildings | (24,909,362) | (1,541,140) | | | (26,450,502) |
| Machinery and equipment | (1,620,915) | (272,724) | | | (1,893,639) |
| <i>Total Accumulated Depreciation</i> | <u>(27,865,469)</u> | <u>(1,876,163)</u> | | | <u>(29,741,632)</u> |
| <i>Total Capital Assets, being depreciated, net</i> | <u>34,267,180</u> | <u>(1,158,544)</u> | | | <u>33,108,636</u> |
| <i>Business-type activities capital assets, net</i> | <u>\$ 47,721,416</u> | <u>\$ (497,950)</u> | <u>\$</u> | <u>\$</u> | <u>\$ 47,223,466</u> |

NOTES TO FINANCIAL STATEMENTS
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Depreciation expense was charged to departments of the Town as follows:

| Governmental Activities | |
|--|---------------------|
| General Government | \$ 265,784 |
| Public Safety | 850,791 |
| Development Services | 1,175 |
| Visitor Services | 517,362 |
| Streets | 3,632,342 |
| Parks and Recreation | 717,013 |
| <i>Total Depreciation Expense-governmental activities</i> | <u>\$ 5,984,467</u> |
| Business type activities | |
| Airport Fund | \$ 773,608 |
| Utility Fund | 1,102,555 |
| <i>Total Depreciation Expense-business type activities</i> | <u>\$ 1,876,163</u> |

The following tabulation presents the estimated significant commitment under unfinished capital construction contracts that are fully funded as of September 30, 2007:

| Project | Estimated Commitments | Less Expenditures To Date | Total Unfinished Commitments |
|-----------------------|--------------------------|------------------------------|---------------------------------|
| Airport Fuel Farm | \$ 4,041,795 | \$ 3,672,030 | \$ 369,765 |
| Addison Road Widening | 2,144,550 | 656,683 | 1,487,867 |
| Total | <u>\$ 6,186,345</u> | <u>\$ 4,328,713</u> | <u>\$ 1,857,632</u> |

E. Interlocal sanitary sewer interceptor agreement

The Town is party to an interlocal agreement, which establishes a non-profit water supply corporation (North Dallas County Water Supply Corporation) for the purpose of constructing, maintaining, and operating a joint sanitary sewer interceptor with the City of Farmers Branch. The non-profit water supply corporation is governed by a six-member board composed of three appointees from each entity. The Town was obligated for construction costs of the project in proportion to its percentage of allocated flows for each specific portion of the project as set forth in the agreement. The Town is also obligated to pay 55% of all general overhead costs. Operating and maintenance costs since the project became operational shall be paid in accordance with respective percentages of allocated flows as set forth in the agreement.

The Town's net investment and its share of general overhead expenses are reported in the Town's Utility Fund (an enterprise fund). The Town's equity interest in the North Dallas County Water Supply Corporation is \$7,653,329. Complete financial statements for the North Dallas County Water Supply Corporation can be obtained from Greg Vicke, Secretary, North Dallas County Water Supply Corporation, 13000 William Dodson Parkway, Farmers Branch, Texas.

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

F. Long-Term Debt

The long-term debt of the Town consisted of the following as of September 30, 2007:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| General Obligation Bonds Series of 2000 | | |
| A series of 1,981 bonds at \$5,000 each, dated May 15, 2000, issued to improve streets, athletic facilities, and Town Hall facilities. The bonds were issued with rates ranging from 5.45% to 6.00% and mature serially through 2015. The bonds are callable at par plus accrued interest on or after February 15, 2010, in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. | 2,075,000 | |
| Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; MBIA insured | | |
| General Obligation Bonds Series of 2001 | | |
| A series of 3,213 bonds at \$5,000 each, dated August 15, 2001. The Bonds mature serially through 2013 with interest rates that range from 4.00% to 4.35%. The bonds were issued to refund a portion of the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; General Obligation Bonds, Series 1995; and Combination Tax and Revenue Certificates of Obligation, Series 1997; for interest savings, and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2011. Bonds and interest are payable from ad valorem taxes. | 5,435,000 | 6,565,000 |
| Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG insured | | |
| General Obligation Refunding Bonds Series of 2002 | | |
| A series of 5,075 bonds at \$5,000 each dated September 15, 2002. The bonds mature serially through 2017 with interest rates that range from 2.00% to 5.00%. The bonds were issued to fund various public improvements, refund the Town's outstanding Combination Tax and Revenue Certificates of Obligation, Series 1993; and Waterworks and Sewer Revenue Refunding Bonds, Series 1993; and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or in part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. | 10,814,769 | 7,525,231 |
| Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; FG Insured | | |

Town of Addison, Texas
Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Combination Tax and Revenue Certificates of Obligation Series of 2003 | | |
| A series of 1,600 bonds at \$5,000 each dated June 1, 2003. The bonds mature serially through 2018 with interest rates that range from 3.0% to 3.75%. The bonds were issued for the purpose of additions and improvements to the Addison Conference Center facilities and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2014 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from a combination of ad valorem taxes and hotel occupancy taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured | 6,605,000 | |
| General Obligation Bonds Series of 2004 | | |
| A series of 2,139 bonds at \$5,000 each dated August 15, 2004. The bonds mature serially through 2018 with interest rates that range from 3.5% to 4.5%. The bonds were issued for the purpose of constructing an extension of Arapaho Road from Addison Road to Surveyor Road including construction of a bridge over Midway Road, with related pedestrian walkways, for resurfacing Belt Line Road and for engineering and design of improvements to the Belt Line Road/Dallas Parkway intersection, and to pay costs associated with the issuance of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured | 9,105,000 | |
| Combination Tax and Revenue Certificates of Obligation Series of 2004 | | |
| A series of 880 bonds at \$5,000 each dated November 15, 2004. The bonds mature serially through 2020 with interest rates that range from 3.5% to 4.25%. The bonds were issued for the purpose of constructing improvements to and expanding the Addison Airport including improvements to runways, taxiways, lighting, drainage systems, and facilities, the constructing, designing, and engineering of a fuel farm, and to pay costs associated with the issuance of the certificates. The bonds are callable at par plus accrued interest on or after February 15, 2015 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from ad valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured | | 3,960,000 |

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2007

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|------------------------------------|-------------------------------------|
| General Obligation Refunding and Improvement Bonds Series of 2005 | | |
| A series of 1,571 bonds at \$5,000 each dated November 1, 2005. The bonds mature serially through 2021 with interest rates that range from 3.5% to 4.00%. The bonds were issued to fund various public improvement projects up to \$1,500,000 to include engineering and other professional services, refund the Town's outstanding General Obligation Bonds, Series 1995; Combination Tax and Revenue Certificates of Obligation, Series 1997; \$4,335,000 of General Obligation Bonds, Series 2000; and costs of issuance associated with the sale of the bonds. The bonds are callable at par plus accrued interest on or after February 15, 2013 in whole or part in principal amounts of \$5,000. Bonds and interest are payable from as valorem taxes. Ratings: Moody's "Aaa"; Standard & Poor's "AAA"; AMBAC Insured | <u>6,040,000</u> | |
| Total | \$ <u>40,074,769</u> | \$ <u>18,050,231</u> |

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2007

Changes in long-term liabilities:

A summary of long-term liability activity for the year ended September 30, 2007 was as follows (in thousands of dollars):

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|---|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General obligation bonds | \$ 36,725 | \$ - | \$ (3,255) | \$ 33,470 | \$ 3,420 |
| Certificates of Obligation | 7,085 | - | (480) | 6,605 | 500 |
| Premium on general obligation refunding bonds | 256 | - | (32) | 224 | 32 |
| Deferred loss on refunding amount on General obligation bonds | (396) | - | 35 | (361) | (35) |
| <i>Governmental activity long-term liabilities</i> | <u>\$ 43,670</u> | <u>\$ -</u> | <u>\$ (3,732)</u> | <u>\$ 39,938</u> | <u>\$ 3,917</u> |
| Proprietary Funds: | | | | | |
| General obligation bonds (Payable from utility system revenues) | 15,805 | - | (1,715) | 14,090 | 2,030 |
| Premium on general obligation refunding bonds | 84 | - | (17) | 67 | 17 |
| Discount on general obligation refunding bonds | (71) | - | 7 | (64) | (8) |
| Deferred loss on refunding amount on General obligation bonds | (274) | - | 43 | (231) | (43) |
| Combination tax and revenue certificates of obligation (Payable from levy of ad valorem tax) | 4,185 | - | (225) | 3,960 | 235 |
| <i>Business-type activity long-term liabilities</i> | <u>\$ 19,729</u> | <u>\$ -</u> | <u>\$ (1,907)</u> | <u>\$ 17,822</u> | <u>\$ 2,231</u> |

The Town intends to retire all of its general obligation bonds (other than those recorded in the Enterprise fund), plus interest, from future ad valorem tax levies, interest income, and transfers from other funds. The Town is required by ordinance to create from such tax revenues a sinking fund sufficient to pay the current interest due thereon and each installment of principal as it becomes due. There is \$1,613,153 available in the General Obligation Debt Service Fund to service the general obligation bonds.

Proprietary fund-type debt is to be repaid from net revenues of the Enterprise fund and is, accordingly, recorded as Enterprise Fund debt.

There are a number of limitations and restrictions contained in the various general obligations, certificates of obligation, and revenue bond indentures. The Town is in compliance with all significant limitations and restrictions at September 30, 2007.

For the governmental activities, compensated absences are generally liquidated in the general fund and hotel fund.

Town of Addison, Texas
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NOTES TO FINANCIAL STATEMENTS
September 30, 2007

The debt service requirements on the aforementioned bonded debt are as follows:

| | Governmental Activities | | Business-Type Activities | |
|----------------------------|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| General Obligation Bonds | | | | |
| 2008 | 3,419,769 | 1,292,112 | 2,030,231 | 512,797 |
| 2009 | 3,555,000 | 1,148,125 | 2,110,000 | 435,494 |
| 2010 | 3,720,000 | 1,002,885 | 2,190,000 | 353,106 |
| 2011 | 3,200,000 | 868,723 | 2,485,000 | 248,644 |
| 2012-2016 | 14,915,000 | 2,515,012 | 5,275,000 | 191,321 |
| 2017-2021 | <u>4,660,000</u> | <u>284,837</u> | | |
| | <u>\$ 33,469,769</u> | <u>\$ 7,111,694</u> | <u>\$ 14,090,231</u> | <u>\$ 1,741,362</u> |
| Certificates of Obligation | | | | |
| 2008 | 500,000 | 212,013 | 235,000 | 151,172 |
| 2009 | 515,000 | 196,787 | 245,000 | 142,772 |
| 2010 | 535,000 | 181,037 | 255,000 | 134,023 |
| 2011 | 555,000 | 164,687 | 265,000 | 124,923 |
| 2012-2016 | 3,095,000 | 530,419 | 1,505,000 | 455,925 |
| 2017-2021 | <u>1,405,000</u> | <u>52,725</u> | <u>1,455,000</u> | <u>125,032</u> |
| | <u>\$ 6,605,000</u> | <u>\$ 1,337,668</u> | <u>\$ 3,960,000</u> | <u>\$ 1,133,847</u> |

G. Property under Operating Leases

The Town leases land with a book value of \$63,560 to tenants under non-cancelable lease agreements. The following is a schedule by year of minimum lease rental receipts as of September 30, 2007.

| | |
|---------------------|-------------------|
| 2008 | 140,000 |
| 2009 | 140,000 |
| 2010 | 140,000 |
| 2011 and thereafter | <u>233,333</u> |
| Total | <u>\$ 653,333</u> |

NOTES TO FINANCIAL STATEMENTS
 September 30, 2007

H. Interfund Transfers

Transfers between funds during the year ended September 30, 2007 were comprised of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Purpose of Transfer</u> |
|-------------------------|---------------------|----------------------|-----------------------------|
| Hotel Fund | \$ | \$ 706,710 | For payment of debt service |
| Hotel Debt Service Fund | 706,710 | _____ | For payment of debt service |
| <i>Total Transfers</i> | <u>\$ 706,710</u> | <u>\$ 706,710</u> | |

IV. OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the Town maintained workers compensation, general liability and property coverage through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP). The Town pays an annual premium to TMLIRP for such coverage. TMLIRP purchases reinsurance, and the Town does not retain risks of loss exceeding deductibles. The Town's general liability coverage is \$5,000,000 and \$10,000,000 in the aggregate. Settled claims have not exceeded insurance coverage.

Prior to the 2001 fiscal year, the Town participated in a retained-risk program with TMLIRP under which the Town assumed the risk of paying for all individual claims with a specific stop-loss of \$175,000 and an annual aggregate stop-loss of \$525,000. The Town continues to pay for claims incurred prior to October 1, 2000. Outstanding claims associated with the risk retention program are accounted for in the General Fund and are recorded as Accounts Payable. As of September 30, 2007 there remained one open claim that represents a possible exposure to the Town of \$6,569 for future claim payments.

| <u>Workers Compensation Claims</u> | <u>2007</u> | <u>2006</u> |
|--|-----------------|------------------|
| Claims payable at beginning of year | \$ 28,709 | \$ 45,286 |
| Claims incurred and change in estimate | - | (1,000) |
| Claims paid | (22,140) | (15,577) |
| Claims payable at end of year | <u>\$ 6,569</u> | <u>\$ 28,709</u> |

The Town offers employees health benefits through one of two plans operated by Blue Cross Blue Shield. Employees may choose either an HMO (health maintenance organization) plan or a PPO (preferred provider organization) plan. The Town also offers a dental plan through Delta Dental. The HMO, PPO, and dental plans are funded by joint contributions from the employees and the Town and are accounted for in the respective operating funds. The Blue Cross and Delta Dental plans are fully insured contracts. Monthly premiums paid to Blue Cross and Delta Dental are based upon fixed employee and dependent rates that are established each year.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

B. Employee's Retirement System

Plan Description

The Town provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 811 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the Town-financed monetary credits, with interest. At the date the plan began, the Town granted monetary credits for services rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions. In addition, the Town can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and Town matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the Town are as follows:

| | |
|------------------------------------|---------|
| Deposit Rate: | 7% |
| Matching Ratio (Town to Employee): | 2-1 |
| A member is vested after: | 5 years |

Members can retire at certain ages, based on the years of service with the Town. The Service Retirement Eligibilities for the Town are: 5 years/age 60, 20 years/any age.

Contributions

Under the state law governing TMRS, the actuary annually determines the Town contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the Town matching percent, which are the obligation of the Town as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the Town to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the Town contribution rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2005, valuation is effective for rates beginning January, 2007).

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NOTES TO FINANCIAL STATEMENTS
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The Town of Addison is one of 821 municipalities having the benefit plan administered by TMRS. Each of the municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2006 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

Schedule of actuarial liabilities and funding progress:

| | December 31 | | |
|---|---------------|---------------|---------------|
| | 2004 | 2005 | 2006 |
| Actuarial valuation date | | | |
| Actuarial value of assets | \$ 43,276,488 | \$ 44,500,440 | \$ 45,023,526 |
| Actuarial accrued liability | 52,145,929 | 54,187,138 | 55,786,598 |
| Percentage funded | 83.0% | 82.1% | 80.7% |
| Unfunded actuarial accrued liability (UAAL) | 8,869,441 | 9,686,698 | 10,763,072 |
| Annual covered payroll | 13,021,715 | 13,330,709 | 13,753,045 |
| UAAL as a percentage of covered payroll | 68.1% | 72.7% | 78.3% |

| | September 30 | | |
|---|--------------|-----------|-----------|
| | 2004 | 2005 | 2006 |
| Net pension obligation (NPO) at beginning of period | \$ - | \$ - | \$ - |
| Annual pension cost | - | - | - |
| Annual required contribution (ARC) | 1,872,450 | 1,885,203 | 1,884,965 |
| Contributions made | 1,872,450 | 1,885,203 | 1,884,965 |
| Increase in NPO | - | - | - |
| NPO at end of period | \$ - | \$ - | \$ - |

Actuarial Assumptions:

| | |
|---------------------------------|--|
| Actuarial Cost Method – | Unit Credit |
| Amortization Method – | Level Percent of Payroll |
| Remaining Amortization Method – | 25 Years – Open Period |
| Asset Valuation Method- | Amortized Cost (to accurately reflect the requirements of GASB statement No. 25, paragraphs 36e and 138) |
| Investment Rate of Return – | 7% |
| Projected Salary Increases – | None |
| Includes Inflation At – | None |
| Cost-of-Living Adjustments – | None |

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

Funding Issues and Future Changes in Actuarial and Amortization Methods

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions will be included in the December 31, 2007 TMRS Comprehensive Annual Financial Report that will be published by June 2008.

Since its inception, TMRS has used the traditional Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date but does not project the potential future liability of provisions adopted by a city. The Town, as well as the majority of cities participating in TMRS, has adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. These provisions are considered to be "committed" benefits (or likely to be guaranteed); as such, the TMRS Board has adopted the Projected Unit Credit (PUC) actuarial funding method, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the PUC method will be used.

In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period may be increased up to 30 years unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result in higher required contributions and lower funded ratios. To assist in this transition to higher rates, the Board also approved an optional eight-year phase-in period, which would allow cities the opportunity to increase their contributions gradually to their full, or required contribution, rate.

Using demographic data from the 12/31/06 valuation, TMRS's actuary made calculations with the new actuarial assumptions. For cities with annually repeating benefits, those calculations resulted in estimated higher contribution rates, increased unfunded actuarial liabilities, and lower funded ratios. The Town adopted the Updated Service Credit provision in 1994, on a repeating basis. The Town also adopted annuity increases for its retirees on a repeating basis in 1994 equal to 70% of the change in the consumer price index. In a letter from TMRS dated February 1, 2008, the Town was informed of its estimated contributions for the 2009 calendar year under the various options described above. If the Town were to make no changes to its retirement plan, the full contribution rate for 2009 would be 20.49% of eligible payroll. This rate compares to the 2008 rate of 13.83%. If the Town were to elect to extend the amortization period to 30 years, the 2009 rate would be reduced to 19.61%. If the Town selected the eight-year phased option, the 2009 rate would be 14.55%. Finally, if the Town chose to drop the annually repeating benefits under the 30-year amortization period, the rate would drop to 11.52%.

The Town will be reviewing this information during development of its 2008-09 budget to ascertain the extent to which the higher contribution rates will impact the Town's operating fund budgets. The Town will evaluate the various plan benefits and determine whether the plan should be modified in context of the 2008-09 budget. Because of the magnitude of the changes proposed by TMRS, the Town is considering hiring an independent actuary to verify the assumptions made by TMRS.

NOTES TO FINANCIAL STATEMENTS
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C. Contingencies

THROUGH-THE-FENCE AIRPORT ACCESS

A lawsuit was filed to challenge the Town's ordinance that establishes a license fee for through-the-fence users to access the airport. The Town maintains that the Plaintiffs are using the taxi's runways and common areas of the airport and are required to help support the airport as the on-airport users do. Plaintiffs challenge the methodology of the fees established in the ordinance and they claim the fees are too high.

The case was tried in July 2005, and the court has entered an adverse judgment against the Town. While the Town expects a successful appeal of this judgment, expenses of \$423,800 and \$76,200 for FY 2005 and FY 2006 respectively have been recorded in the Airport fund to recognize the potential refund of fees collected in prior years related to this litigation.

The parties entered into a Compromise Settlement Agreement in June 2007 and Dallas Court of Appeals granted the parties' joint motion to vacate judgment and dismiss cause pursuant to settlement. In July of 2007 the Town paid \$218,000 to settle the lawsuit.

There is still one lawsuit remaining related to the through-the-fence access. The case was tried in March 2007 and the court entered a final judgment in favor of the Town in November. The Plaintiff filed a motion with the court in December 2007 for a new trial. To date, the court has not ruled on the motion and a notice of appeal has not been filed.

ADDISON AIRPORT FUEL FARM

A lawsuit was filed seeking compensation from the Town regarding work performed on the Bulk Fuel Storage Facility at the Addison Airport. The Plaintiff is suing to recover compensation in connection with the construction. The Town maintains that the work performed did not meet expected operational standards and that compensation sought was in excess of the contract amount. The Town has not yet been served with the lawsuit.

As of September 30, 2007, other litigation is pending with respect to matters arising in the normal course of the Town's operations. The Town's management is of the opinion that the settlement of the other pending litigation will not have a material adverse effect on the Town's financial statements.

D. Subsequent Events

On January 31, 2008, Standard and Poor's Rating Services ("S&P") downgraded the Insured Financial Strength rating of FGIC from AAA to AA.

The Issuer's underlying rating is "Aa3" and "AA" by Moody's Investors Service and S&P, respectively.

Issue(s): \$16,065,000 General Obligation Refunding Bonds, Series 2001
\$25,375,000 General Obligation Refunding and Improvement Bonds, Series 2002

E. Keller Springs Tollway

The North Texas Tollway Authority completed in 1999 a toll tunnel that connects Midway Road and the North Dallas Tollway. The project benefits the Town by diverting traffic from Belt Line Road, which is at capacity. The project's cost was approximately \$25 million which will be funded by revenue bonds issued by the Authority. Through an agreement with the Authority, the Town has pledged to be a guarantor of the debt service associated with approximately \$2.5 million of the revenue bonds in the event the authority defaults on the bonds. Because the Authority is an extremely viable state agency, the likelihood of a default is negligible.

NOTES TO FINANCIAL STATEMENTS
September 30, 2007

F. Statement of Working Capital

Schedules of Working Capital for proprietary funds for the year ended September 30, 2007 are as follows:

SUMMARY OF CHANGES IN WORKING CAPITAL FOR PROPRIETARY FUNDS

| | <u>2007</u> | <u>2006</u> |
|--|---------------------|---------------------|
| <u>AIRPORT FUND</u> | | |
| Net income (excluding depreciation) | \$ 664,072 | \$ 585,428 |
| Net additions to capital assets | (719,400) | (1,561,856) |
| Net decrease to long term debt | (225,000) | (215,000) |
| Net increase (decrease) of restricted assets | (10,000) | (10,000) |
| Net increase (decrease) in other | 2,324 | 2,491 |
| Working capital at the beginning of the year | <u>1,981,507</u> | <u>3,180,444</u> |
| Working capital at the end of the year | <u>\$ 1,693,503</u> | <u>\$ 1,981,507</u> |
| <u>UTILITY FUND</u> | | |
| Net income (excluding depreciation) | \$ 2,291,451 | \$ 3,981,905 |
| Net additions to capital assets | (658,813) | (340,995) |
| Net retirement of long term debt | (1,997,373) | (1,682,142) |
| Net increase (decrease) of restricted assets | 53,264 | 6,335 |
| Net reduction of payables from restricted assets | (53,264) | (6,335) |
| Net increase in other | 78,469 | (39,207) |
| Working capital at the beginning of the year | <u>3,789,027</u> | <u>1,869,466</u> |
| Working capital at the end of the year | <u>\$ 3,502,761</u> | <u>\$ 3,789,027</u> |
| <u>CAPITAL REPLACEMENT FUND</u> | | |
| Net income (excluding depreciation) | \$ 822,859 | \$ 911,595 |
| Net additions to capital assets | (745,094) | (122,469) |
| Working capital at the beginning of the year | <u>2,902,606</u> | <u>2,113,480</u> |
| Working capital at the end of the year | <u>\$ 2,980,371</u> | <u>\$ 2,902,606</u> |
| <u>INFORMATION TECHNOLOGY REPLACEMENT FUND</u> | | |
| Net income (excluding depreciation) | \$ 394,418 | \$ 501,903 |
| Net additions to capital assets | (175,254) | (56,447) |
| Working capital at the beginning of the year | <u>2,131,464</u> | <u>1,686,008</u> |
| Working capital at the end of the year | <u>\$ 2,350,628</u> | <u>\$ 2,131,464</u> |

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[FORM OF OPINION OF BOND COUNSEL]

[Closing Date]

\$_____

TOWN OF ADDISON, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2008

WE HAVE represented Town of Addison, Texas (the “Town”), as its Bond Counsel in connection with an issue of certificates of obligation (the “Certificates”) described as follows:

TOWN OF ADDISON, TEXAS COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2008, dated May 1, 2008, issued in
the principal amount of \$_____.

The Certificates mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the Town authorizing their issuance (the “Ordinance”).

WE HAVE represented the Town as its Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Town or the disclosure thereof in connection with the sale of the Certificates. Our role in connection with the Town’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

IN OUR CAPACITY as Bond Counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Town, customary certificates of officers, agents and representatives of the Town and other public officials, and other certified showings relating to the authorization and issuance of the Certificates. We have also examined executed Certificate No. 1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Certificates constitute valid and legally binding obligations of the Town; and

(B) A continuing ad valorem tax upon all taxable property within the Town, necessary to pay the interest on and principal of the Certificates, has been levied and pledged irrevocably for such purposes, within the limit prescribed by law, and the total indebtedness of the Town, including the Certificates, does not exceed any constitutional, statutory or other limitations. In addition, the Certificates are further secured by a limited pledge (not to exceed \$1,000) of the surplus revenues of the Town's combined waterworks and sewer system, as described in the Ordinance.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION THAT:

(1) Interest on the Certificates is excludable from gross income for federal income tax purposes under existing law; and

(2) The Certificates are not "private activity bonds" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Certificates will be included in the "adjusted current earnings" of a corporation (other than an S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Town, the Town's financial advisor and the underwriters of the Certificates with respect to matters solely within the knowledge of the Town, the Town's financial advisor and the underwriters respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the Town fails to comply with the foregoing provisions of the Ordinance, interest on the Certificates could become includable

in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Certificates.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the “Service”); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Town as the taxpayer. We observe that the Town has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

Council Agenda Item: #R6

SUMMARY:

Consideration and approval of proposed amendments to Chapters 66 and 82 of the Code of Ordinances related to utility administration and collections for the Town.

FINANCIAL IMPACT:

As of April 2008, around \$27,000 is aged over 30 days or 0.33% of FY 2007 total water and sewer revenue. Of this amount nearly \$23,000 is related to final delinquent accounts over 120 days aged. Changes to the deposit policy will have no direct net impact on revenue but should assist in reducing future aged receivables.

BACKGROUND:

A Collections Review was completed that assessed the state of collections and receivables in the Town in an effort to develop strategies to improve collections. As part of that review, the Town's utility billing ordinances were reviewed. The following changes are recommended to give staff tools to improve utility collections:

- Deposits – Deposits are applied to the final bill when an account is closed in order to mitigate any non-payment issues. Analysis of current deposits and average bills for each user type was performed to determine the sufficiency of current deposit levels. It was found a majority of accounts did not have deposits sufficient enough to cover an average bill, particularly irrigation customers. In light of this analysis it is recommended the ordinance be changed to increase the following deposit levels (existing customers will be grandfathered within the deposit levels required when they applied for service):

| User Type | Current Deposit | Recommended Deposit |
|------------------|--|--|
| Single Family | \$50 | \$50 |
| School | 2X annual monthly average | 2X annual monthly average; \$500 minimum |
| Multi-Family | 2X annual monthly average | 2X annual monthly average; \$1,500 minimum |
| Hotel/Motel | 2X annual monthly average | 2X annual monthly average; \$2,000 minimum |
| Commercial Small | 2X annual monthly average; \$100 minimum | 2X annual monthly average; \$150 minimum |
| Commercial Large | 2X annual monthly average; \$500 minimum | 2X annual monthly average; \$700 minimum |
| Industrial Small | 2X annual monthly average | 2X annual monthly average; \$100 minimum |
| Industrial Large | 2X annual monthly average | 2X annual monthly average; \$500 minimum |
| Irrigation Small | \$100 flat rate | 2X annual monthly average; \$200 minimum |
| Irrigation Large | \$100 flat rate | 2X annual monthly average; \$500 minimum |

- Deposit Refunds – Over 80% of the Town's current aged amount is related to closed accounts. It is recommended the ordinance be updated to be consistent in that deposits for all accounts are to be kept until an account is closed. Per section 82-79.4 of the Ordinance, deposits are applied toward payment of a final bill when an account is closed or becomes inactive due to delinquency, and any remaining balance is then refunded.

- Billing and Collections Regulations – The current ordinance is an adequate policy but is somewhat vague in terms of billing and collections procedures. It is recommended a section be added regarding billing procedures, and the collection regulations section be expanded to include actions the department can take to secure payment.
- Penalties – A 10% late penalty is currently applied to accounts not paid in full by the due date. The current ordinance does provide for a late penalty for payments received after the due date but does not specifically indicate the amount of the penalty. The recommendation is to specifically indicate the amount of late penalty as 10% in the ordinance.
- Billing Disputes/Appeals – It is recommended the billing disputes section be expanded to include an appeals process for customers who do not dispute a bill but would like a collections related fee such as a penalty waived.
- Leak Adjustments – It is recommended current procedures for handling leaks be formalized and become a part of the ordinance. With adequate documentation, the department can assist the customer by assessing charges at the wholesale rate for the consumption month(s) affected by the leak.
- Write Offs – It is recommended an approval process for writing off water and sewer debts determined to be uncollectible be included in the ordinance.
- Refuse Collection – Staff recommends the ordinance be updated to reflect changes made to the water and sewer ordinance in April 2006. These changes include changing the due date to the twelfth day of the month and clarifying when payments are defined as being received.

These changes are identified in the attached ordinances.

RECOMMENDATION:

Staff recommends that Council approve the proposed amendments to Chapters 66 and 82 of the Code of Ordinances related to utility administration and collections for the Town.

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING CHAPTER 82 (UTILITIES) OF THE CODE OF ORDINANCES OF THE CITY BY (I) AMENDING SECTION 82-79.1 (APPLICATION FOR SERVICE), SECTION 82-79.3 (SECURITY DEPOSIT AMOUNTS), SECTION 82-80 (COLLECTION REGULATIONS), SECTION 82-80.1 (PAYMENTS; LATE PAYMENTS), SECTION 82-80.2 (BILLING DISPUTE), AND SECTION 82-80.3 (SERVICE TERMINATION PROCEDURES) THEREOF, SUCH AMENDMENTS PROVIDING FOR IDENTIFICATION REQUIREMENTS, DEPOSIT AMOUNTS, DEPOSIT REFUNDS, COLLECTION REGULATIONS, LATE PENALTIES, APPEAL PROCESSES, AND NOTICES OF TERMINATION, (II) ADDING SECTION 82-79.9 (BILLING REGULATIONS), SECTION 82-83.3 (ADJUSTMENTS FOR LEAKS), AND SECTION 82-83.4 (AUTHORITY TO WRITE OFF UNCOLLECTIBLE DEBT), SUCH ADDITIONS PROVIDING FOR BILLING REGULATIONS, LEAK ADJUSTMENTS, AND WRITE OFFS, AND BY (III) DELETING SECTION 82-79.5 (SECURITY DEPOSIT REFUNDS) IN ITS ENTIRETY; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Amendment. Chapter 82 (Utilities) of the Code of Ordinances of the Town of Addison, Texas is hereby amended in the following particulars, and all other chapters, articles, section, subsections, paragraphs and words are not amended but are ratified and confirmed.

A. Section 82-79.1 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-79.1. Application for service.

(a) *Application required.* A person shall not use a service without first making the proper application for the service with the director. The application must be made on forms provided by the director.

(b) *Contract.* The application constitutes a contract to pay all charges for service and to abide by all provisions of this chapter, the provisions of this Code and other local, state and federal laws relating to the service.

(c) *Accurate information.* An applicant shall furnish proper identification and correct information when applying for service. A driver's license or state-issued identification will be required to establish service. If information is not furnished or is false, the application may be denied and service, when provided, may be discontinued. A person

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commits an offense if he knowingly makes a false statement on an application for service under this chapter. (d) *Use without application.* A person who occupies premises and uses service without making application is responsible for all water used from the date of the last meter reading previous to that person occupying the premises. If the person is a tenant and the owner of the premises has failed to give the notice required in section 82-82.1, then the owner is jointly and severally responsible with the tenant for the charges.

(e) *No new applications accepted.* Should water, sewer or sanitation (refuse collection) service be discontinued to any premises because of violations of any of the provisions of this Division Number 087-072 or this Code, no new application shall be accepted from any person to continue service to such premises under any other name so long as the premises are in the control of the original customer, whether owner or occupier, until all penalties, bills and damages due to the department have been paid in full or until agreement relating to payment thereof has been reached between the customer and the department.

B. Section 82-79.3 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-79.3. Security deposit amounts.

~~(a) Commercial customers shall make security deposits as follows:~~

~~(1) An amount equivalent to two times the average estimated monthly bill, but not in an amount less than \$25.00, is the required security deposit amount for all commercial customers who make application for service the first time subsequent to the passage of this section [Ordinance Number 087-072].~~

~~(2) An amount equivalent to two times the average monthly bill for the past 12 months for the location served is required of the following commercial customers currently being served:~~

- ~~(i) Those having paid for any service during the past 12 months with an insufficient funds check;~~
- ~~(ii) Those whose water has been cut off during the past 12 months;~~
- ~~(iii) Those whose account has been delinquent for two or more months;~~
- ~~(iv) Those whose past credit history with the department has proved that they do not pay utility bills promptly and as due;~~
- ~~(v) Those whose deposit becomes insufficient to pay two times the average monthly bill.~~

~~(b) Residential customers shall make security deposits as follows: Each residential water consumer shall make a security deposit in at least the sum of \$25.00. Should a \$25.00 deposit be insufficient to pay an average monthly bill or if experience has provided that a customer does not pay utility bills promptly and as due, the director may require the deposit to be in any sum deemed necessary to protect the town.~~

(a) Applicants for water and/or sewer service shall be required to pay to the town a security deposit to guarantee all amounts which may become due to the town for water and/or sewer service.

(b) The minimum deposit amount shall depend on the applicant's customer classification and shall be as follows:

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| <u>Customer Classification:</u> | <u>Deposit Amount:</u> |
|--|--|
| <u>Single-Family Residential</u> | <u>\$50.00</u> |
| <u>Multifamily Residential</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$1,500.00</u> |
| <u>School</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$500.00</u> |
| <u>Commercial Large (meter size greater than or equal to two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$700.00</u> |
| <u>Commercial Small (meter size less than two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$150.00</u> |
| <u>Industrial Large (meter size greater than or equal to two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$500.00</u> |
| <u>Industrial Small (meter size less than two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$100.00</u> |
| <u>Hotel/Motel</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$2,000.00</u> |
| <u>Sprinkler Large (meter size greater than or equal to two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$500.00</u> |
| <u>Sprinkler Small (meter size less than two inches)</u> | <u>An amount equivalent to two times the average estimated monthly bill for the past 12 months, but not an amount less than \$200.00</u> |
| <u>Fire</u> | <u>\$50.00</u> |

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(c) Commercial customers regardless of previous service must pay the deposits listed above for any new accounts.

(d) Residential customers who currently have service but are locating to another location within the town may transfer their deposit provided their account is in good standing.

(e) Customers will be grandfathered within the deposit levels required when they applied for service except as provided for within paragraph (f) of this section.

(f) As provided in section 82-80.3, when an account becomes delinquent the director may require an additional deposit in any sum deemed necessary to protect the town.

C. Section 82-79.5 of the Code is hereby deleted in its entirety (additions are underlined, deletions are ~~struck through~~):

Sec. 82-79.5. Security deposit refunds.

~~(a) *Refund requirements.* At his/her discretion, the director may refund a security deposit to the residential customer when the customer meets all of the following conditions:-~~

~~(1) The customer has been receiving service for 12 continuous months;~~

~~(2) The customer has acquired a satisfactory credit history with the department;~~

~~(3) The customer has not made payment during the past 12 months with a check returned due to insufficient funds; and~~

~~(4) The customer has no delinquent bills outstanding.~~

~~(b) *Refusal to refund.* Notwithstanding subsection (a), the director may refuse to refund a security deposit where the director determines from the circumstances of a customer's account that there is a substantial risk of financial loss to the department.~~

~~(c) *Review for eligibility.* The director shall review all residential customer payment histories at least once a year to determine eligibility for refund. The director will make refunds by check payable to the customer.~~

D. Section 82-79.9 of the Code is added to read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-79.9. Billing regulations.

Water and sewer charges shall be billed on one (1) bill as applicable to each account. All charges shall be due on the twelfth day of each month, or the following Monday if the twelfth day falls on a Saturday, Sunday, or town holiday. Bills shall be mailed to customers on or before the twenty-fourth day of each month and specify the water consumed and all charges in accordance with the rates established in sections 82-76 and 82-77.

E. Section 82-80 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-80. Collection regulations.

(a) The director is authorized to promulgate regulations and procedures, not in conflict with this Code, the City Charter or applicable state or federal laws or regulations,

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concerning the collection of charges for service and the handling of customer accounts, receipts and reports.

(b) An account is considered delinquent if not paid in full by the due date. If payment is not received in full by the due date, the director may take action in connection with such delinquency, including, without limitation, the following:

- (1) Pursue the service termination procedures as outlined in section 82-80.3.
- (2) Perfect a lien upon the property as outlined in sections 82-81.2 and 82-81.3.
- (3) Take civil action to collect the delinquent amount.

F. Section 82-80.1 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-80.1. Payment; late payments.

(a) All charges under Ordinance Number 087-072, including any penalties assessed, unless otherwise specifically provided for, shall be payable monthly in accordance with bills rendered therefore to the customer by the department. "Render" shall mean deposit in the United States mail by the department.

(b) The bill as rendered shall be the net amount due and payable to the department for all services. The charges so rendered shall be due and payable upon receipt of such bill and shall become delinquent after the twelfth day of the following month. If payment is to be made in person or by mail, the date of receipt shall be the date received by the department.

(c) If such bill is not paid, as of the date indicated in this subsection:

(1) Such liability shall be discharged upon payment of the delinquent bill, plus ~~the penalty herein provided~~ a penalty of ten percent of the total amount of the bill, prior to the due date of the next succeeding bill, and provided further that;

(2) If such payment of a delinquent bill, plus the penalty herein provided, be not paid prior to the due date of the next succeeding bill, the amount of the delinquent bill, plus the penalty herein provided, shall be added to and become a part of the net amount of the next succeeding bill.

(d) Failure to receive any bill provided by this section shall not relieve the customer of any liability therefore.

G. Section 82-80.2 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-80.2. Billing dispute/appeal.

(a) The director is responsible for ensuring the integrity of the utility billing system. If a customer would like to appeal a penalty or other collections related fee or u~~Upon~~ discovery of facts that reveal billing errors, the director is charged with resolving the billing issue in a manner satisfactory to both the city and customer. The director may make adjustments to bills delivered to the customer for amounts up to \$2,500.00. For adjustments involving amounts of between \$2,500.01 and \$24,999.99, the director shall obtain approval from the city manager or his designee. For adjustments involving amounts of \$25,000.00 or greater, the city manager shall obtain approval from the city council.

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(b) The city's and customer's liability for amounts related to billing errors shall be limited to the six months preceding the charge being appealed or the discovery of the error.

(c) At any time before the date of termination of service for nonpayment of the amount(s) shown on a utility bill, a notice of rejection or a notice of termination, a customer may dispute the correctness of all or part of the amount(s) shown in accordance with the provisions of this division. A customer shall be entitled to dispute the correctness of all or part of the amount(s) if all or part of the amount(s) was (were) the subject of a previous dispute under this section.

(d) The procedure for customer appeals shall be as follows:

(1) If a customer does not dispute the correctness of an amount(s) shown on a utility bill, a notice of rejection or a notice of termination, but is appealing the assessment of a penalty or other collections related fee, the customer shall notify the director, orally or in writing, of the amount being appealed.

(2) At the director's discretion, a penalty or other collections related fee may be waived for a customer.

(3) The director within three days after receipt of the customer's notice shall notify the customer if the penalty or other collections related fee will be waived.

(e) The procedure for customer disputes shall be as follows:

(1) Before the date of termination, the customer shall notify the director, orally or in writing, that he disputes all or part of the amount(s) shown on a utility bill, a notice of rejection or a notice of termination, stating as completely as possible the basis for the dispute.

(2) If the director determines that the present dispute is untimely or that the customer previously disputed the correctness of all or part of the amount(s) shown, the director shall mail to the customer a notice stating that the present dispute is untimely or invalid. The director shall then proceed as if the customer had not notified him of the present dispute.

(3) If the director determines that the present dispute is not untimely or invalid under this section, the director, within three days after receipt of the customer's notice, shall arrange an informal meeting between the customer and himself or a designee.

(4) Based on the department's records, the customer's allegations and all other relevant materials available to the director, he shall resolve the dispute, attempting to do so in a manner satisfactory to both the city and the customer.

(5) Within five days of completion of the meeting, the director shall mail to the customer a copy of his decision resolving the dispute.

(6) If the decision is unsatisfactory to the customer, the customer, within five days of receipt of the director's decision, may request, in writing, a formal hearing before the city manager or his designee.

(7) The formal hearing before the city manager shall be held within ten days of the city's receipt of the customer's written request.

(8) At the hearing the director and the customer shall be entitled to present all evidence that is, in the city manager's view, relevant and material to the dispute, and to examine and cross-examine witnesses. ~~A tape recorded (or at the option of the city manager, a stenographic) record of the hearing may be maintained.~~

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(9) Based on the record established at hearing, the city manager, within five days of the completion of the hearing shall issue his written decision formally resolving the dispute. His decision shall be final and binding on the city and the customer.

(fe) Utilization of this dispute/appeal procedure shall not relieve a customer of his obligation to timely and completely pay all other undisputed utility charges and/or installments and surcharges, and the undisputed portion(s) of the amount(s) which is (are) the subject of the present dispute. Notwithstanding subsection (d), failure to timely and completely pay all such undisputed amounts shall subject the customer to termination of service in accordance with the provisions of this division.

(gf) Until the date of the city manager's or the director's decision, whichever is later, the director shall not terminate the service of this customer and shall not issue a notice of termination to him solely for nonpayment of the disputed amount(s). If it is determined that the customer must pay some or all of the disputed amount(s), the director shall promptly mail to, or personally serve upon the customer a notice of termination as provided in section 82-80.3.H. Section 82-80.3 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-80.3. Service termination procedures.

(a) Except as provided in section 82-80.2(d), and 82-80.4, the provisions of this section shall govern all terminations of service for nonpayment of utility charges and/or installments and surcharges by residential and commercial customers.

(b) If by the payment date shown on a utility bill ~~or a notice of rejection~~ the director has not received complete payment of the amount(s) shown on the bill ~~or the notice~~, the director shall mail to, or personally serve upon the customer a notice of termination not less than~~at least~~ three days after the payment date.

(c) The notice of termination shall contain the following:

- (1) The amount to be paid;
- (2) The date of the notice of termination;
- (3) The date of termination, which shall be no less than~~at least~~ ten days from the date of the notice of termination;
- (4) Notice that unless the director receives complete payment of the amount shown prior to the date of termination, service shall be terminated under subsection (d);
- (5) Notice that in lieu of paying the entire amount shown, a ~~residential~~ customer, prior to the date of termination, may notify the director that he disputes the correctness of all or part of the amount shown, if all or part of the amount shown was not the subject of a previous dispute under section 82-80.2.

(d) If, prior to the date of termination,

- (1) The director has not received complete payment of the amount shown on the notice of termination; or
- (2) The ~~residential~~ customer has not notified the director that he disputes the correctness of all or part of the amount shown on the notice of termination, then the director shall terminate service on the date of termination.

(e) If the director receives payment of the entire amount shown on the notice of termination prior to the date of termination, such payment shall be considered a timely and complete payment. (f) *Cutting and plugging connections*. The directors' authority to

Deleted: 12

discontinue service includes the right to cut and plug water or wastewater connections to private property. The costs of cutting and plugging connections will be charged to the customer in addition to the delinquent charges due.

(g) *Restoration of service.* Discontinued service will not be restored until the customer, owner or some other person either pays all charges due (including the charges to restore connections; a \$20.00 reconnection fee and an additional security deposit in the amount specified at section 82-79.3), or, where applicable, ceases violation of the particular Code provision in question. The decision to restore service while delinquent charges or Code violations still exist rests solely with the director.

(h) *Exceptions to notice requirement.* Notice as provided in Ordinance Number 087-072 does not apply to discontinuance of service resulting from a violation of this chapter if the director determines that immediate discontinuance is necessary to prevent an imminent threat or occurrence of:

- (1) Harm to the health or safety of persons;
- (2) Damage to city or private property; or
- (3) Contamination of the water system.

(i) *Customer's request to discontinue.* Upon a customer's written request, the director may discontinue service to the customer. Upon receipt of the request, the director may remove the water meter and service connections. However, the customer is liable for all charges incurred prior to removal of the meter. Where service is furnished through more than one meter, the customer may request discontinuance of one or more meters and thereafter be billed on the basis of the remaining meter or meters.

(j) The director may delay termination of service processes to avoid unnecessary hardship to customers. However, under no circumstances shall the delay exceed two weeks.

(k) *Cumulative remedies.* Enforcement of this section does not waive any additional remedies, civil or criminal, available to the city under law.

I. Section 82-83.3 of the Code is added to read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-83.3. Adjustments for leaks.

(a) An adjustment reducing the water bill of a customer may be considered when a written statement is filed with the director requesting an adjustment for allegedly excessive water consumption. In addition the customer must provide proof of the leak, such as a plumber's statement or other repair statement, to substantiate the request.

(b) Upon satisfactory proof of the leak, the director may adjust the customer's bill as follows:

(1) The highest consumption month(s) in the period the leak occurred will be used for consideration of an adjustment. No more than three consecutive billing periods will be used for an adjustment calculation.

(2) The difference between the consumption for the month(s) in which the leak occurred and the average consumption for the previous 12 months prior to the leak will be assessed at the wholesale rate charged to the town by other entities for water and sewer service.

Deleted: 12

(3) The difference between amount calculated in paragraph (2) and the amount originally billed will be adjusted on the customer's account.

(c) No more than one (1) leak adjustment may be given to a customer within any calendar year.

J. Section 82-83.4 of the Code is added to read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 82-83.4. Authority to write off uncollectible debt.

No later than January 31st of each year the director is authorized to write off those water and sewer debts owed to the town which, following a diligent and reasonable effort to collect the debt, the director reasonably determines to be uncollectible for the fiscal year ended the previous September 30th. The director may write off these water and sewer debts for amounts totaling up to \$2,500.00. For write offs involving amounts totaling between \$2,500.01 and \$24,999.99, the director shall obtain approval from the city manager. For write offs totaling amounts of \$25,000.00 or greater, the city manager shall obtain approval from the city council.

Section 2. Savings. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance.

Section 3. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, and the City Council hereby declares that it would have passed such remaining portion of this Ordinance despite such invalidity, which remaining portion shall remain in full force and effect.

Section 4. Effective Date. The changes to the Town of Addison, Texas' Code of Ordinances as set forth in this Ordinance shall be effective from and after June 1, 2008.

Deleted: 12

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ____ day of _____, 2008.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

TOWN OF ADDISON, TEXAS

ORDINANCE NO. _____

AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING THE CODE OF ORDINANCES OF THE CITY BY AMENDING CHAPTER 66 (SOLID WASTE), ARTICLE II (COLLECTION AND DISPOSAL), SECTION 66-51 (PAYMENT DATE; PENALTY CHARGES FOR DELINQUENT PAYMENTS) THEREOF; SPECIFYING THE DUE DATE; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Amendment. Chapter 66 (Solid Waste) of the Code of Ordinances of the Town of Addison, Texas is hereby amended in the following particulars, and all other chapters, articles, section, subsections, paragraphs and words are not amended but are ratified and confirmed.

A. Section 66-51 of the Code is amended so that it shall hereafter read as follows (additions are underlined, deletions are ~~struck through~~):

Sec. 66-51. Payment date; penalty charges for delinquent payments.

(a) The rates or charges fixed and prescribed by the article shall be paid by the users to the finance department upon receipt of the monthly statement, and which shall be the date such rates or charges shall become due and payable. In case any user or customer of such system does not pay the amount due by such user or customer of such service by the ~~tenth~~ twelfth day of the next month following the date such charges become due and payable, then it is hereby made the duty of the finance department to add a ten percent penalty to the amount past due; which amount is included with such water and sewer charges for that month and such ten percent will be added to the total of the water, sewer and garbage charges.

(b) If payment is to be made in person or by mail, the date of receipt shall be the date received by the department.

Section 2. Savings. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance.

Section 3. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of

Deleted: 12

the remaining portion of this Ordinance, and the City Council hereby declares that it would have passed such remaining portion of this Ordinance despite such invalidity, which remaining portion shall remain in full force and effect.

Section 4. Effective Date. The changes to the Town of Addison, Texas' Code of Ordinances as set forth in this Ordinance shall be effective from and after June 1, 2008.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this ___ day of _____, 2008.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

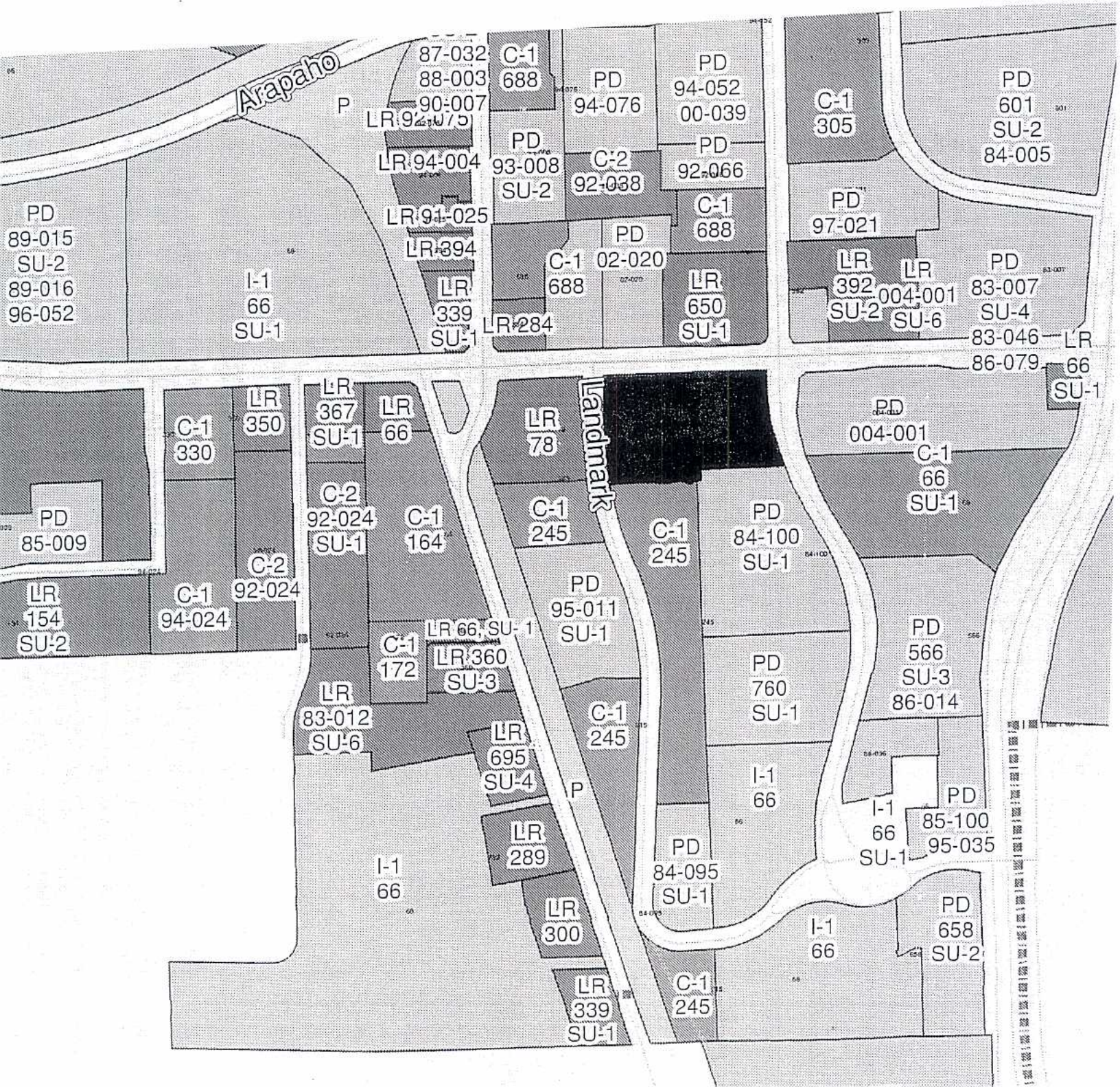
By: _____
John Hill, City Attorney

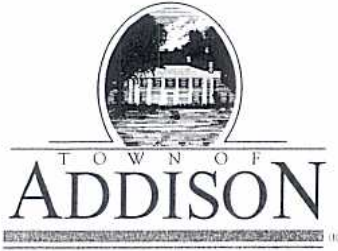
ITEM #R7

There are no Attachments for this Item.

1555-SUP

Case 1555-SUP/Dunkin' Donuts. Requesting approval of a Special Use Permit for a restaurant, located at 4900 Belt Line Road, Suite 125, on application from Texas Donuts, L.P., represented by Mr. Lesley A. Morgan of the Dimension Group.





DEVELOPMENT SERVICES

16801 Westgrove

(972) 450-2880 Fax: (972) 450-2837

Post Office Box 9010 Addison, Texas 75001-9010

April 16, 2008

STAFF REPORT

RE: Case 1555-SUP/Dunkin' Doughnuts

LOCATION: 4900 Belt Line Road, Suite 125

REQUEST: Approval of a Special Use Permit for a restaurant.

APPLICANT: Texas Donuts L.P., represented by Mr. Lesley A. Morgan of the Dimension Group

DISCUSSION:

Background. The applicant in this request seeks to open a **2,179** square foot donut shop in a lease space in this strip center. The applicant has to get a Special Use Permit for a restaurant because he plans to have consumption of coffee and donuts on the premises.

Proposed Plan. The floor plan indicates the donut shop will offer sandwiches and coffee in addition to donuts. The floor plan shows a counter for placing and picking up orders, and seating for 24 customers. There is not a drive-through window in the restaurant. The restaurant will not serve alcohol.

Landscaping. The landscaping for this center is already in place. The Parks Department notes that it meets the requirements of the ordinance and is generally well-maintained.

Parking. Restaurant uses within this center park at a ratio of one space per 160 square feet, unless they have designated valet parking, which this proposed restaurant does not have. This is a center that the staff constantly monitors for parking compliance, as there are several restaurants in the center. However, the center was recently sold, and the new managers are changing the tenant mix. The Valencia Restaurant has closed and the space will not be re-opened as a restaurant. A portion of it will re-open with a small burger place, but the bulk of the large space will be converted to retail. That change frees up enough parking spaces to allow Dunkin Donuts, which is parked at a restaurant ratio, to come into the center. Therefore, there is sufficient parking for this proposed use.

Food Service Code. The restaurant will be subject to all regulations contained in the Addison Food Service Ordinance. Neil Gayden, the Environmental Services Official, has inspected the site and notes that there is an available grease trap that was put in for a previous restaurant already adjacent to the site. The applicant might want to consider using the available grease trap rather than installing a new one.

Signage. Dunkin' Donuts Signs are shown on the space. The applicant should be aware that all signage for the restaurant must comply with the requirements of the Addison Sign Ordinance.

RECOMMENDATION:

Staff recommends approval of the Special Use Permit for a restaurant subject to no conditions.

Respectfully submitted,

A handwritten signature in black ink that reads "C Moran". The "C" is large and loops around the "M", and "ORAN" is written in a similar style.

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the request for a Special Use Permit for a restaurant, on application from Dunkin' Donuts, subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood

Voting Nay: None

Absent: None

Addison!

April 2, 2008

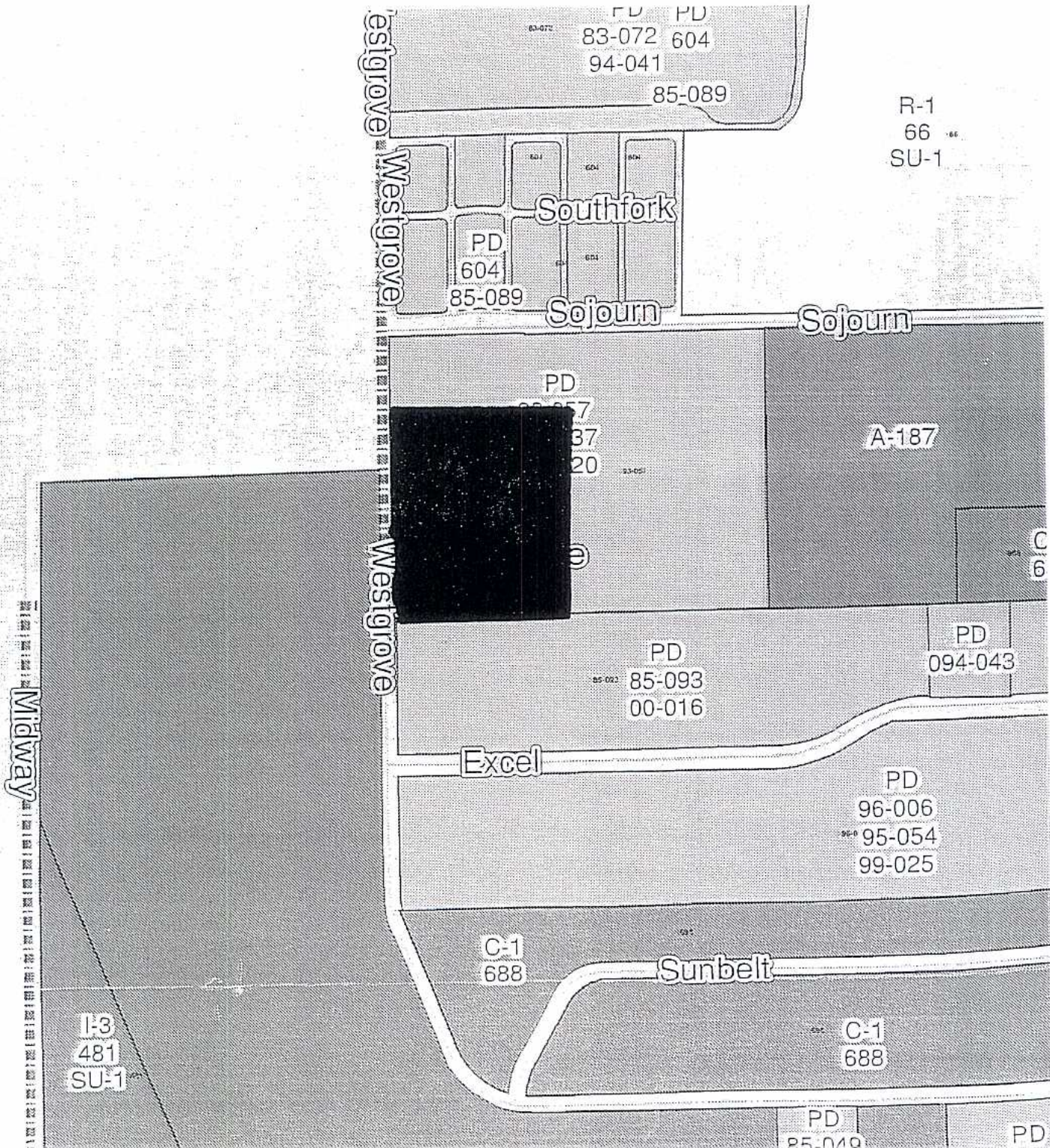
TO: Carmen Moran, Director, Development Services
FROM: Neil Gayden, Environmental Services Official
RE: Zoning Case 1555/Dunkin' Donuts

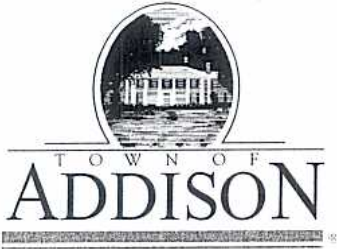
The applicant should be informed that a grease trap installed by a prior tenant in the building is currently not being used by a restaurant tenant. If sewer elevations work and the grease trap has been/can be disconnected from the previous lease space, we recommend that the applicant explore the possibility of utilizing existing infrastructure.

We are available to offer assistance.

1554-Z

Case 1554-Z/Best Press, Inc. Requesting approval of an ordinance amending an existing Planned Development ordinance (Ordinance 093-057) in order to add an allowed use: book publishing warehouse, and approve development plans, located at 4201 Airborn Drive, on application from Best Press, Inc., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.





DEVELOPMENT SERVICES

(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove

Post Office Box 9010 Addison, Texas 75001-9010

April 17, 2008

STAFF REPORT

RE: Case 1554-Z/Best Press, Inc.

LOCATION: 4201 Airborn Drive

REQUEST: Approval of an Ordinance amending An existing Planned Development Ordinance (Ordinance 093-057), in Order to add an allowed use: book publishing warehouse, and approve development plans

APPLICANT: Best Press, Inc., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.

DISCUSSION:

Background. This case was scheduled for hearing on March 27th. However, the property owner requested the case be tabled in order to complete an analysis of the drainage on the site. The drainage analysis is a document required for approval of the plat, and is not required for zoning. However, it could have implications on the amount of landscaping located on the site.

The property was originally developed as part of Airborn Incorporated, which made parts for aircraft radios. Airborn originally owned this building, the building to the east (which Airborn, Inc. still occupies) and all the land north to Sojourn Road and south to the property line that is currently between Seneca Investments and the First Industrial complex. In 1985, the Town placed all the property that Airborn owned into a Planned Development district. The goal of placing this property in a PD was so that as it developed, the Town could protect the property owners in Addison Place from a noisy or unsightly industrial development.

Subsequent to the Town's rezoning of the property, the raw land that formed a "U" around the two buildings was subdivided and sold off to Standridge Properties. Mr. Standridge has since subdivided his property and sold off tracts to various owners. Airborn consolidated its operation into the single building to the west, and abandoned

this building. It sat vacant for a couple of years, and in 1993 was purchased by Kalisher Properties.

Jack and Wendy Kalisher owned a small company that printed personalized books for children, and they wanted to expand their company and move their printing operation into the vacant Airborn building. The Council approved an amendment to the PD zoning to allow "printing and publishing operations" as an allowed use, and the Kalishers moved Best Press, Inc. into this building. The business has operated in this location since 1993 and has grown to the point that it now needs to expand.

Proposed Plan. Best Press, Inc. is proposing to add a 42,655 square-foot warehouse to the north side of the existing building. The warehouse will be used exclusively for paper and materials used in the printing operations of Best Press, Inc., and it could be argued that the use "printing and publishing operations" would logically allow a warehouse that supports a printing and publishing operation. However, since the warehouse was not part of the building when the PD was amended, the staff determined it would be cleaner to add book publishing warehouse as an allowed use.

While warehouse is not an allowed use in the Commercial-1 district, or in this existing PD district, there are other warehouse facilities in the neighborhood. The building at 4550 Excel was built as the literature distribution warehouse for the EXCEL telephone company, and it functioned as a warehouse and distribution center. In addition, most of the facilities on the north and south sides of Excel Drive have truck docks and dock doors to allow pick-up and delivery by semi trucks.

The plan for this warehouse was originally submitted with the warehouse dock doors facing Westgrove. The staff explained that while there were other warehouse facilities in the neighborhood, none had been built during the past 15 years with dock doors that faced out onto a public street. The staff proposed that the building could either be flipped so as to locate the dock doors on the east side, or the applicant could construct a screening wall that would completely enclose the truck court and screen it from Westgrove. The applicant decided to flip the building, and submitted revised plans. The revised plan puts the new warehouse building closer to Westgrove than the original building. However the new building will have a 25-foot setback from the property line, which meets the requirement for a setback from the public right-of-way in the PD district.

Building Facades. The applicant is proposing a concrete tilt-wall building similar in appearance to the buildings on the north and south sides of Excel Parkway. The existing Best Press building is textured concrete tilt-wall on the south, east, and west sides and plain (non-textured) tilt-wall on the north side. The new building is proposed to have all sides made of plain tilt-wall.

In 1985 when the City placed a PD zoning on the property, tilt-wall was not an allowed material. It was the city's intent that existing the existing tilt-wall building would be "grandfathered" and as the property redeveloped, the new building would be brick or stone. However, in 1993, it became clear that the building was not ready to be torn down, but was still useable. When the zoning was amended for this property, tilt wall was allowed as a building material because the existing building was already tilt-wall. Therefore, a tilt-wall addition is allowed on this property. The applicant has not indicated what color the building will be.

Building Height. The applicant is proposing a building that is 40-feet tall. The staff questioned whether the building height would be a problem with the FAA height limits around the Addison Airport. Joel Jenkinson, at the Addison Airport, has reviewed the plan, and believes that a 40-foot tall building will not intrude into the protected air space around the airport. He encourages the applicant to get an FAA height determination, but it is not required.

Parking. The new 42,655 square-foot building will be a warehouse facility, which requires parking at a rate of one space per 1,000 square feet. The existing building contains both manufacturing and office space. It has 6,000 square feet of office space and 45,737 square feet of manufacturing space. The requirement for the property, after the additional building is added, will be 88,392 square feet of manufacturing/warehouse, which will require 88 spaces, and 6,000 square feet of office space, which will require 20 spaces. The site will require 108 spaces and it will provide 182 spaces.

Landscaping. The Parks Department has reviewed the landscaping plan and notes that it meets the requirement for 20% of site in landscaping. In fact, there are several large trees on the property, particularly against Westgvore, that were planted by Best Press, Inc. when it took over the building in 1993. The trees against Westgrove will not be disturbed by the new building.

Slade Strickland also notes that there is not a landscape buffer on the north property line, and that some of the trees that are currently on the north side of the property will be removed. The applicant is proposing to place the building immediately against the fire lane on the north property line and share a required fire lane with the neighbor to the north. The Town allows different properties to share fire lanes in order to allow for an efficient use of property and a reduction in concrete. However, both owners must agree. Mr. Stacy Standridge, the owner to the north, has agreed to allow the fire lane to be partially on his property, and the assumption is that at some point, he (or another owner) will build a building that backs up to this fire lane. In a case like this, it is not feasible to put a landscape buffer against the property line. As Slade noted, the applicant has offset this requirement by providing additional landscaping in other locations on the site.

Fire Code Requirements. Gordon Robbins has reviewed the plan for the new building, and he notes that it will be required to be sprinklered. In addition, the new building must be separated from the existing building by an approved firewall assembly. This is a requirement of the Fire Code and cannot be waived by the Town.

RECOMMENDATION:

Staff has worked diligently with the applicant to get the building flipped so that the dock doors do not face Westgrove. Staff feels that flipping the building will allow Best

Press to expand its business while still protecting the visual integrity of the neighborhood. Staff recommends approval of the amendment to the existing PD ordinance, 087-057) in order to add an allowed use: book publishing warehouse, and approval of development plans for a book publishing warehouse, subject to no conditions.

Respectfully submitted,

A handwritten signature in black ink that reads "CMORAN". The letters are stylized and connected.

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the request on application from Best Press, Inc., subject to no conditions.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood
Voting Nay: None
Absent: None

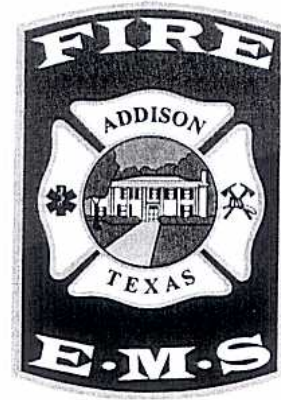
Memorandum

Date: March 11, 2008
To: Carmen Moran
From: Slade Strickland
Subject: **Case 1554-Z/Best Publishing**

The landscape plan submitted by the applicant meets the 20 percent landscape requirement; however it does not provide for a perimeter landscape buffer along the north property line. Presently, there is a landscape buffer on the north side of the property consisting of live oaks and evergreen shrubs shown to be removed completely due to site constraints with the building expansion and the requirement to provide a fire lane. The applicant proposes to offset this by adding additional landscaped area on the south side of the site along Airborn Drive.

Memorandum

To: Carmen Moran, Director of Development Services
From: Gordon C. Robbins, Deputy Fire Chief
Date: Thursday, March 06, 2008
Re: Case 1554-Z/Best Publishing



The Fire Department has no objection to this allowed use or the associated replat.

However it will be necessary to install fire sprinklers in the new structure. The existing portion of the structure must then be sprinklered also or properly separated the new by an approved firewall assembly.

Thank you.

Carmen Moran

From: Jenkinson, Joel [Joel.Jenkinson@wgint.com]
Sent: Monday, April 07, 2008 12:04 PM
To: Carmen Moran
Subject: 4201 Airborn Drive - Airspace

Ms. Moran,

Attached is a file showing the location of the proposed warehouse facility relative to the airport. The site lies below the "7:1 Transitional Surface" east of the runway and the approach surface. The southwest corner of the proposed structure appears to be the most critical. By my estimate, the top of the southwest corner of the proposed structure must be no higher than 78 feet above the airport elevation of 644 feet (MSL). Google Earth thinks the ground elevation at 4201 Airborn is 658 MSL, and if that is correct then the maximum building height could be no more than 63-64 feet above ground level at the southwest corner. So, a maximum building height of 40 feet looks pretty safe to me ... as long as the roof isn't piled high with AC units, vents, and antennas.

All that being said, I still strongly recommend that a Form 7460-1 be filed for this project, using accurate survey data for the four corners of the proposed structure (FAA puts in a fudge factor which gets bigger with less accurate data, such as coordinates obtained from a hand-held GPS unit ... they like survey data tied to a known standard like NAD 83). I am reasonably certain that the result would be a Determination of No Hazard, but it's always best to have that in writing from the FAA. It takes less than an hour to fill out the form and send it in with a copy of the plans, and I don't believe there is any filing fee which makes it the cheapest insurance around.

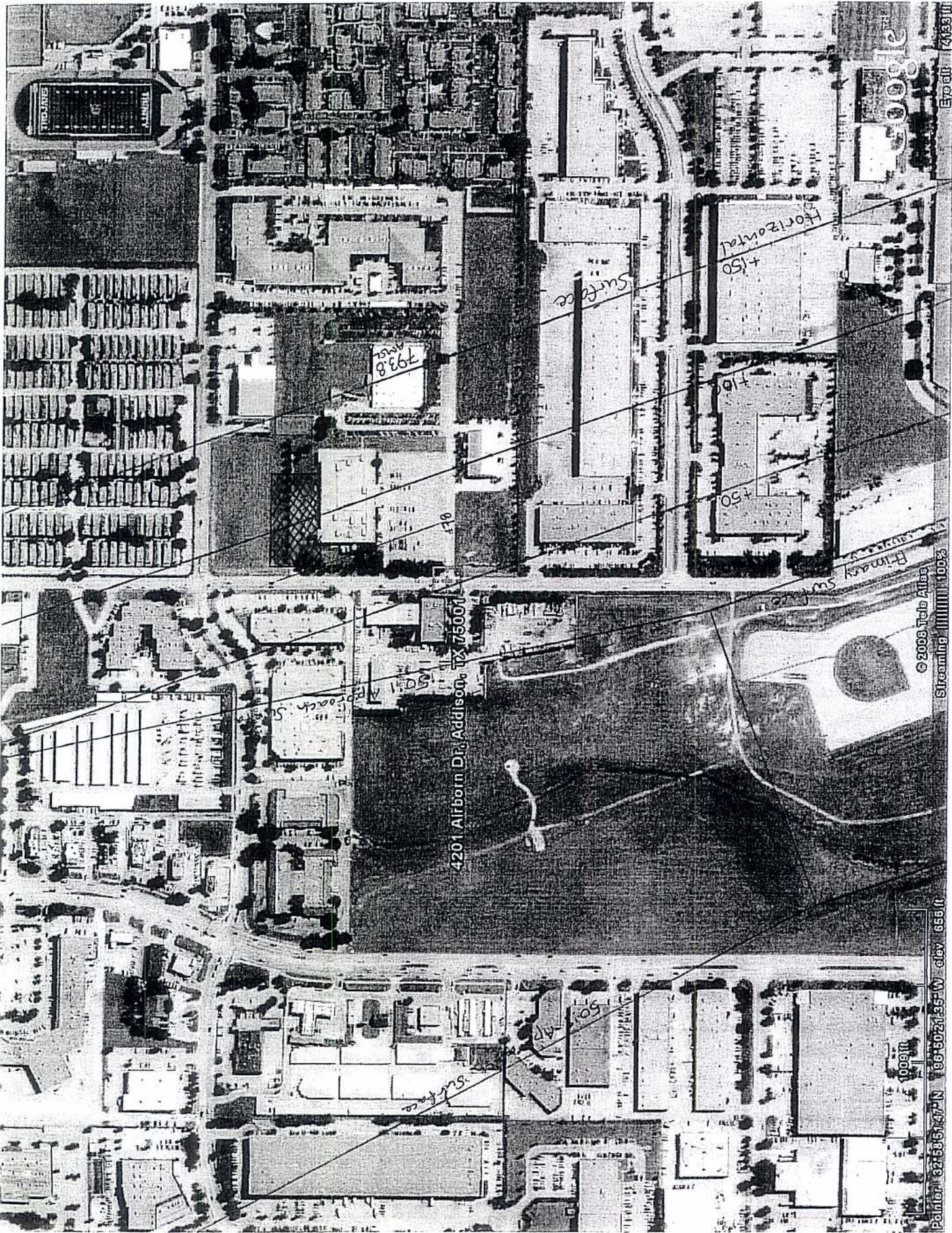
I haven't had a chance yet for a detailed look at the Inwood Road / Culinary District, but it is definitely the 50:1 Approach Surface for Runway 33 driving the height restrictions in that area. At the intersection of Belt Line and Addison/Inwood Road, 20-25 feet looks like the upper limit (depending on which side of the street you are on). It gets better the further south you go, of course, but that approach slope is pretty restrictive and FAA gets very unhappy if you don't do everything within your power to protect it. I printed out a Google Earth image, and I will sketch in the approach surface and scan that for you ... that kind of picture is usually pretty useful as a rough guide, it's easier to show someone than to try to explain.

Best regards,

Joel

Joel Jenkinson
Operations Manager, Addison Airport
office: 972-392-4861
mobile: 214-499-2490

4/7/2008



793.8 Airport Horizontal Surface
743.8 Horizontal Surface
693.8
AMSL
7:1 Transitional Surface →
1 →

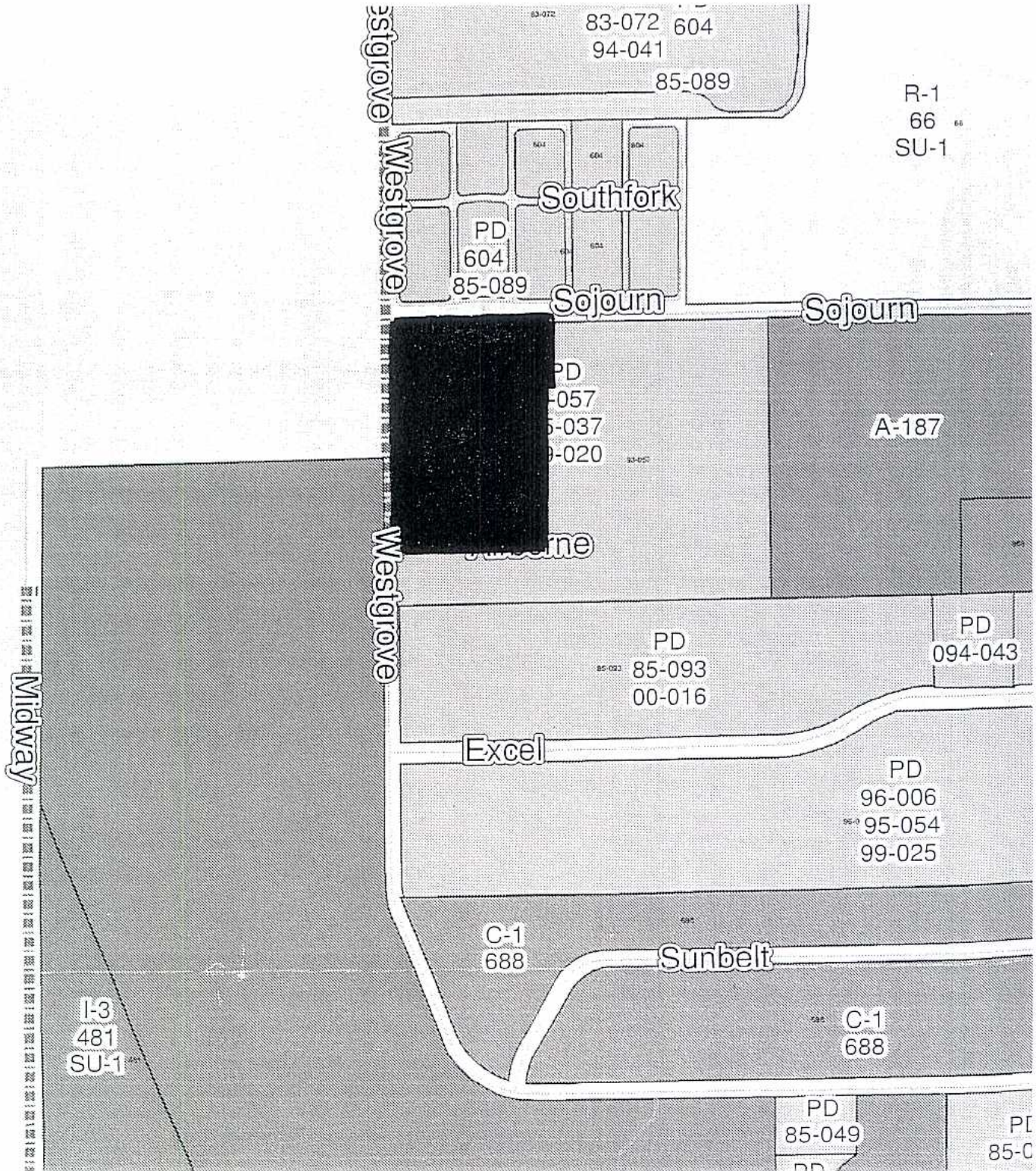
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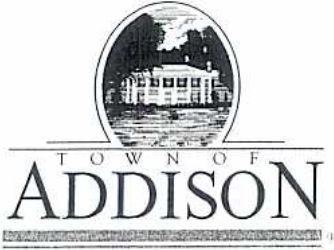
© 2003 Tebo Aerial Streaming 1093

Point: 32.585747-N 96.502135-W

REPLAT/Westgrove and Airborn Addition

REPLAT/Westgrove and Airborn Addition. Requesting a replat of two lots located in Block A, Carroll Estates, one tract located at 4201 Airborn Drive, and the adjoining tract located at the southeast corner of Westgrove Drive and Sojourn Drive, on application from Kalisher Properties, Ltd., represented by Ms. Wendy Kalisher of Kalisher Properties, Ltd.





April 16, 2008

STAFF REPORT

RE: REPLAT/Westgrove and Airborn Addition

LOCATION: Replat for two lots located in Block A, Carroll Estates, one tract located at 4201 Airborn Drive and the adjoining tract located at the southeast corner of Westgrove Drive and Sojourn Drive

REQUEST: Approval of a replat

APPLICANT: Ms. Wendy Kalisher of Kalisher Properties, Ltd.

DISCUSSION:

Background. This property is occupied by Best Press, Inc. Ms. Kalisher is looking to expand her printing business by the addition of another building

Public Works Review. The Public Works staff did not receive the required civil plans in time to complete a review. By state law, a plat, once submitted, must be acted upon by the City within 30 days. As the staff has not had the support drawings for a sufficient amount of time to conduct a review, the staff recommends denial of the replat. The replat can be put back on the agenda for May.

RECOMMENDATION:

Staff recommends denial of the replat for Westgrove and Airborn Addition.

Respectfully submitted,

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend denial of the replat for Westgrove and Airborn Addition.

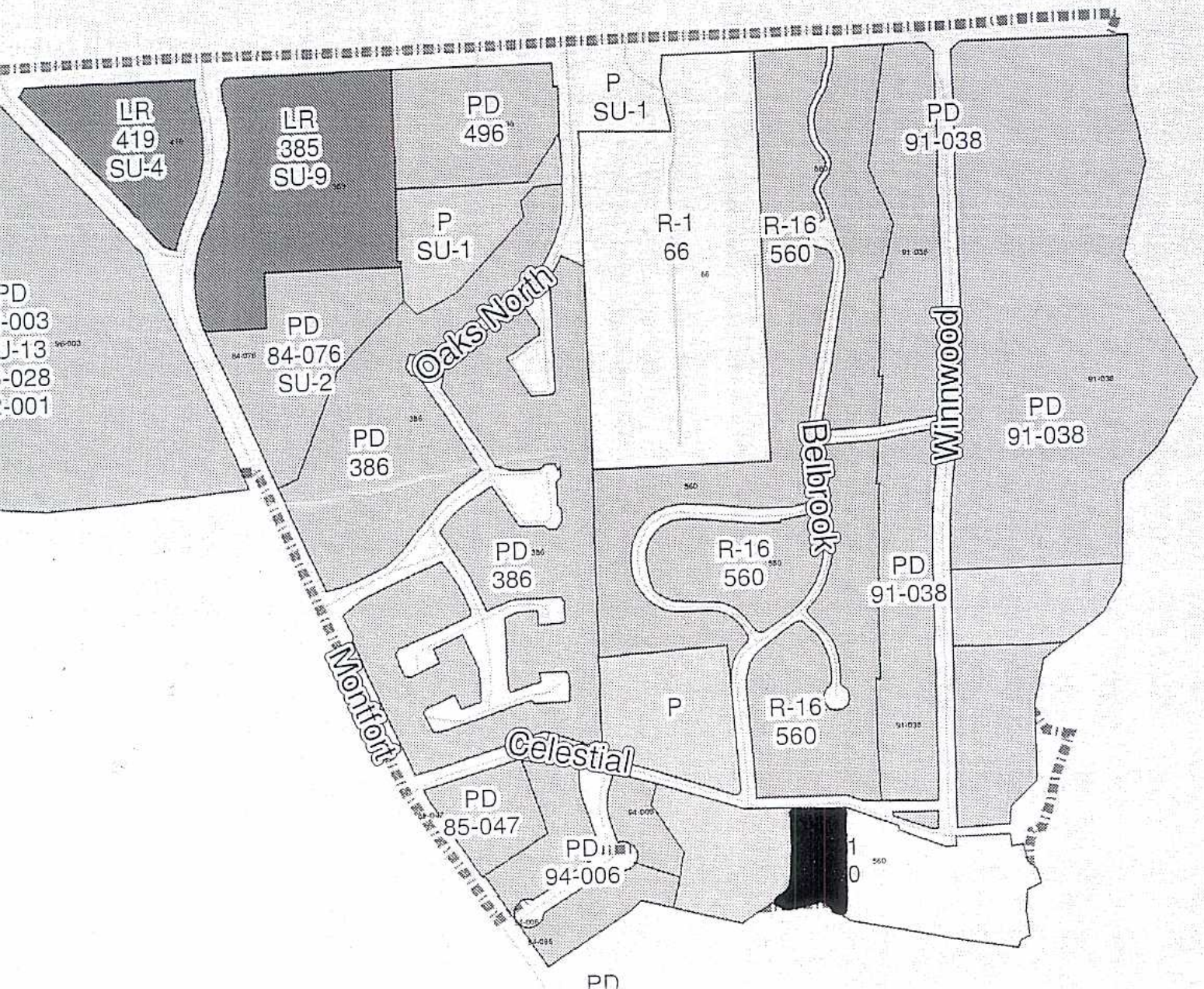
Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood

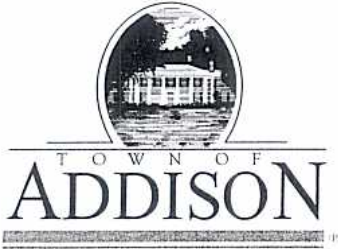
Voting Nay: None

Absent: None

FINAL PLAT/Lot 3, Block 1, Daseke Addition

FINAL PLAT/Lot 3, Block 1, Daseke Addition. Requesting approval of a final plat for one lot of 1.332 acres, zoned R-16 (Residential-16) located at 5530 Celestial Road, on application from Don R. Daseke, represented by Mr. David Littleton of Half Associates





April 16, 2008

STAFF REPORT

RE: FINAL PLAT/Lot 3, Block 1,
Daseke Addition

LOCATION: Final plat for one lot of 1.332
Acres, zoned R-16, located
At 5530 Celestial Road

REQUEST: Approval of a final plat

APPLICANT: Mr. Don R. Daseke, represented
by Mr. David Littleton of Halff
Associates.

DISCUSSION:

Background. This property is a single family lot on Celestial Road. It was originally developed with the home of Don and Jean Richmond. Mr. and Mrs. Richmond have both passed away, and their children have sold the property to Don and Barbara Daseke. Mr. and Mrs. Daseke are planning to construct a new home on the lot. The lot was originally developed in the City of Dallas and has never been platted.

Public Works Review. Public Works reviewed the proposed plat and notes the following:

1. Revise all references of the lot and block number for the platted area to be "Lot 1, Block 1, Daseke Addition."
2. Label the "Owners Certificate" as such.
3. Change "TOWN OF ADDISON" to "COUNTY OF DALLAS" in the second line of the Owners Certificate.
4. The bearing in the first call of the Owners Certificate does not match the drawing. Please verify.
5. The area identified in the Owners Certificate does not match the drawing. Please verify.
6. Remove the building line.
7. Add a "Drainage & Floodway Easement" at one foot (1') above the 1% annual change floodplain identified in the submitted report.

8. Add a "Certificate of Approval" to be signed by the Mayor and City Secretary.
9. Move the notary block for the owner below to below the owner's signature.
10. Provide a closure sheet.
11. Add a five-foot wide sidewalk easement along the front property line.

RECOMMENDATION:

Staff recommends approval of the final plat for Lot 3, Block 1, Daseke Addition, subject to the conditions listed above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C Moran', with a stylized flourish at the end.

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the final plat for Daseke Addition, subject to the following conditions:

1. Revise all references of the lot and block number for the platted area to be "Lot 1, Block 1, Daseke Addition No. 2."
2. Label the "Owners Certificate" as such.
3. Change "TOWN OF ADDISON" to "COUNTY OF DALLAS" in the second line of the Owners Certificate.
4. The bearing in the first call of the Owners Certificate does not match the drawing. Please verify.
5. The area identified in the Owners Certificate does not match the drawing. Please verify.
6. Remove the building line.
7. Add a "Drainage & Floodway Easement" at one foot (1') above the 1% annual change floodplain identified in the submitted report.
8. Add a "Certificate of Approval" to be signed by the Mayor and City Secretary.
9. Move the notary block for the owner below to below the owner's signature.
10. Provide a closure sheet.
11. Add a five-foot wide sidewalk easement along the front property line.
12. Rename the plat Lot 1, Block 1, Daseke Addition No. 2

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay, Wood
Voting Nay: None
Absent: None



Memorandum

To: Carmen Moran
CC: Nancy Cline
From: Clay Barnett
Date: 4/16/2008
Re: Lot 1, Block 1, Daseke Addition

-
1. Revise all references of the lot and block number for the platted area to be "Lot 1, Block 1, Daseke Addition."
 2. Label the "Owners Certificate" as such.
 3. Change "TOWN OF ADDISON" to "COUNTY OF DALLAS" in the second line of the Owners Certificate.
 4. The bearing in the first call of the Owners Certificate does not match the drawing. Please verify.
 5. The area identified in the Owners Certificate does not match the drawing. Please verify.
 6. Remove the building line.
 7. Add a "Drainage & Floodway Easement" at one foot (1') above the 1% annual change floodplain identified in the submitted report.
 8. Add a "Certificate of Approval" to be signed by the Mayor and City Secretary.
 9. Move the notary block for the owner below to below the owner's signature.
 10. Provide a closure sheet.

Carmen Moran

From: Littleton, Dave [dlittleton@halff.com]
Sent: Tuesday, April 22, 2008 3:29 PM
To: Don Daseke
Cc: Carmen Moran; David Droese; Matthews, Gary; Clay Barnett
Subject: RE: Plat for Daseke Addition

Thanks, Don. I'll use Lot 1, Block 1, Daseke Addition No. 2.

Dave L.

From: Don Daseke [mailto:don@daseke.com]
Sent: Tuesday, April 22, 2008 3:26 PM
To: Littleton, Dave
Cc: 'Carmen Moran'; 'David Droese'
Subject: RE: Plat for Daseke Addition

Dave,
Whatever Carmen and you decide is fine with us.
Regards,
Don Daseke

From: Littleton, Dave [mailto:dlittleton@halff.com]
Sent: Tuesday, April 22, 2008 2:44 PM
To: don@daseke.com
Cc: 'david@droeseraney.com'; Carmen Moran; cbarnett@addisontx.gov
Subject: Plat for Daseke Addition

Mr. Daseke, the City has asked that we create a unique name for your new plat. We suggest Lot 1, Block 1 Daseke Addition No. 2. Please let me know if this is acceptable. Comments and suggestions are welcome. Thanks!

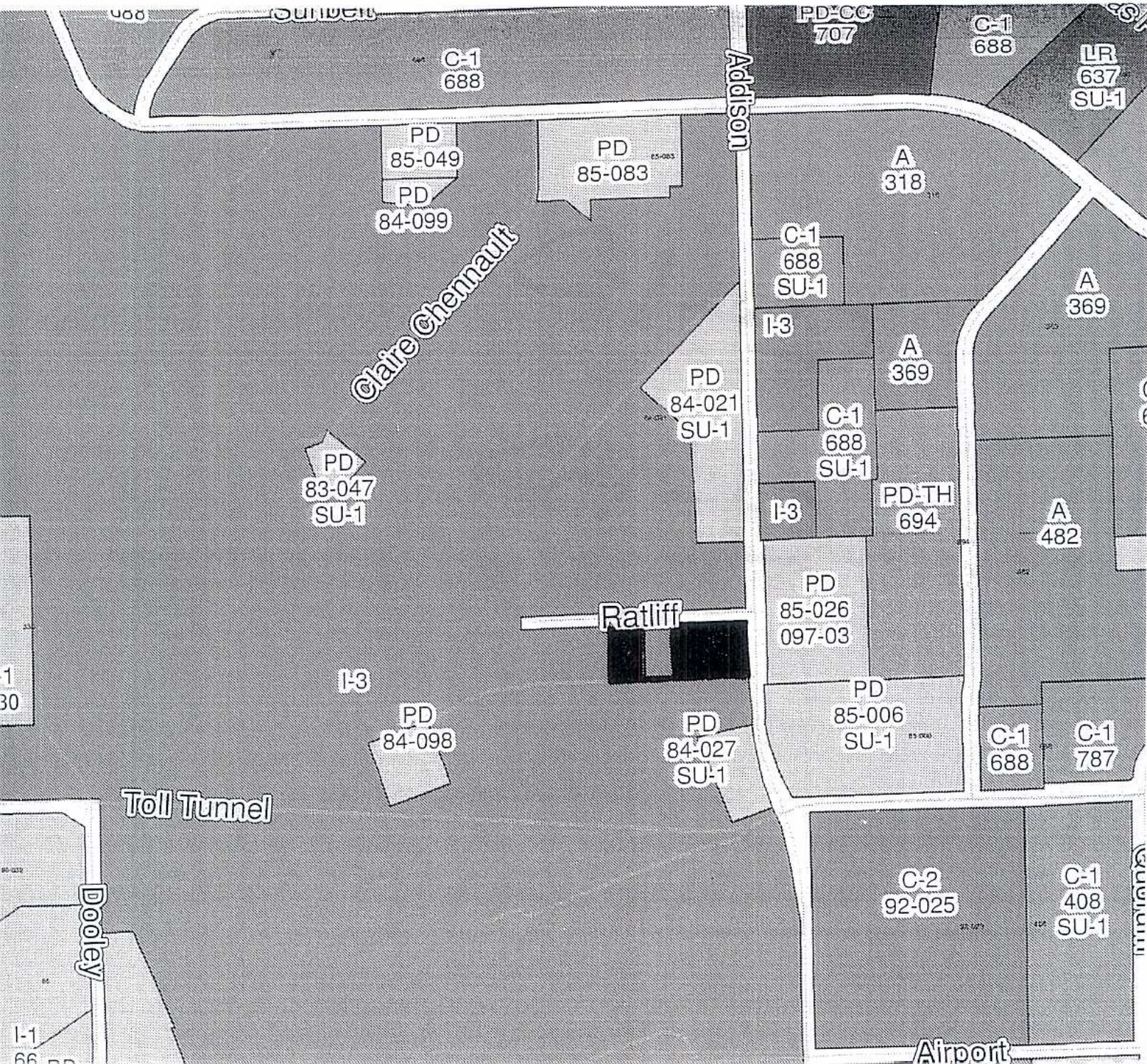
B. David Littleton, P.E.
Vice President

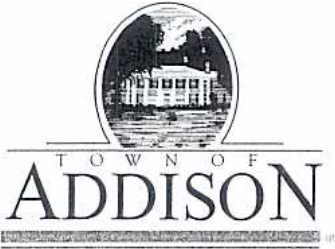


HALFF ASSOCIATES, INC.
1201 N. Bowser Road
Richardson, Texas 75081
Phone 214-346-6200
Fax 214-739-0095
www.halff.com

FINAL PLAT/Lots 1R2, 1R3, and 1R4, Block A, Addison Storage Addition

FINAL PLAT/Lots 1R2, 1R3, and 1R4, Block A, Addison Storage Addition.
Requesting approval of a final plat for one tract of .441 acres, and one tract of .847 acres, located in an Industrial-3 district on the west side of Addison Road, between Glenn Curtiss Drive and Ratliff Road, on application from Addison Storage Associates, represented by Mr. Bruce Myers of T.F. Stone Company.





DEVELOPMENT SERVICES

(972) 450-2880 Fax: (972) 450-2837

16801 Westgrove

Post Office Box 9010 Addison, Texas 75001-9010

April 16, 2008

STAFF REPORT

RE: FINAL PLAT/Lots 1 R2, 1R3, and 1R4, Block A, Addison Storage Addition

LOCATION: One lot of .44 acres, one lot of .43 acres, and one lot of .41 acres in an (I-3), Industrial-3 district at 4700 Ratliff Lane

REQUEST: Approval of a final plat

APPLICANT: Addison Storage Associates, represented by Mr. Bruce Myers

DISCUSSION:

Background. In June of 2007, one lot out of this property, Lot 1R, Block A, was platted as a single lot. At that time, the owner chose not to plat the other lots. However, he now would like to plat the other three buildings in this four-building complex out as separate lots. Although this property appears to be within the confines of the Addison Airport, it is actually not airport property, but is owned fee simple by Addison Storage Associates. The site was originally developed as one large lot with a building facing Addison Road (which is currently vacant) and three metal industrial buildings to the west of the Addison Road building. Eventually a fourth building, which faces onto Addison Road, was added. Previously, the owner platted off one lot and sold it. He now desires to sell the other buildings to separate owners and must plat the other three buildings into separate platted lots.

Public Works Review. Public Works reviewed the proposed plat and notes the following:

1. Please correct the spelling of Glenn Curtiss in the Owner's Certificate.
2. Revise "City of Addison" to read "Town of Addison" in the Owner's Certificate.
3. Add a notary block for the surveyor's certificate.

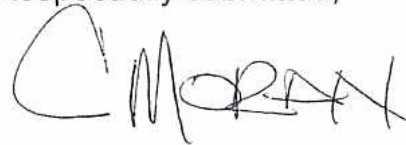
4. Remove the line going through a portion of the dedication statement.
5. Provide a closure sheet.

Building Code. Lynn Chandler has noted that once the property is subdivided, the building will require a fire wall at the west property line. The building may already have a fire wall at the west property line, but staff cannot determine that without cutting into the wall. Therefore, Lynn Chandler is advising the owner that he will either have to provide a fire wall (if there is not one) or execute a unity agreement between the two owners. Unity agreements are civil agreements between adjacent property owners, and they have a paragraph that indemnifies the Town from any damage incurred because the Town allowed the owners to construct close to the property line. Unity agreements can be approved by the Building Official (after City Attorney review) and do not require Commission or Council action.

RECOMMENDATION:

Staff recommends approval of the final plat, on application from Addison Storage Associates, Lots 1R2, 1R3, 1R4, Block A, subject to the conditions listed above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'C MORAN', with a large, stylized initial 'C'.

Carmen Moran
Director of Development Services

COMMISSION FINDINGS:

The Addison Planning and Zoning Commission, meeting in regular session on April 24, 2008, voted to recommend approval of the final plat on application from Addison Storage Associates, subject to the following conditions:

1. Please correct the spelling of Glenn Curtiss in the Owner's Certificate.
2. Revise "City of Addison" to read "Town of Addison" in the Owner's Certificate.
3. Add a notary block for the surveyor's certificate.
4. Remove the line going through a portion of the dedication statement.
5. Provide a closure sheet.

Voting Aye: Bernstein, Chafin, Daseke, Gaines, Jandura, Lay

Voting Nay: None

Absent: Wood



PUBLIC WORKS DEPARTMENT
Post Office Box 9010 Addison, Texas 75001-9010

(972) 450-2871 FAX (972) 450-2837
16801 Westgrove

Memorandum

To: Carmen Moran
CC: Nancy Cline
From: Clay Barnett
Date: 4/15/2008
Re: Addison Storage Addition

-
1. Please correct the spelling of Glenn Curtiss in the Owner's Certificate.
 2. Revise "City of Addison" to read "Town of Addison" in the Owner's Certificate.
 3. Add a notary block for the surveyor's certificate.
 4. Remove the line going through a portion of the dedication statement.
 5. Provide a closure sheet.

To: Carmen Moran, Director Development Services

From: Lynn Chandler, Building Official

Date: April 15, 2008

Subject: FINAL PLAT/ Lots 1R2, 1R3, and 1R4, Block A, Addison Storage Addition.

The owner should be aware that when subdividing property it can not be done in such a manner as to bring the existing buildings out of compliance with the building code. The exterior walls of the buildings are required to be fire rated depending on their proximity to any property line. If the establishment of a new property line brings the exterior walls out of compliance with the building code, a firewall will be required on the wall or the owner may execute a unity agreement. The unity agreement eliminates the need for firewalls due to proximity to the property line if agreed to by all parties.

Council Agenda Item:#R13

SUMMARY:

Discussion and consideration of approval authorizing the City Manager to enter into a developer participation agreement in an amount not to exceed \$1,000,000 with Ashton Dallas Residential LLC for the construction of public streetscape improvements in the Asbury Circle townhome development located generally at the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive, within the Town.

FINANCIAL IMPACT:

Budgeted Amount: \$1,000,000.00
Total cost for project: not to exceed \$1,000,000.00

The Town's contribution is less than 30 percent of the total cost for street improvements in the development. The budget for the street improvements, including a separate break-out for the City's participation is attached as Exhibit B to the agreement. The city will track actual costs for the line items listed, so it is possible that the Town's participation will be less than \$1,000,000.00, but in no event will it be more.

BACKGROUND:

In 2006, the Town adopted the Belt Line Road Redevelopment Vision. That Vision, and the zoning regulations that went with it, contained standards for the development for commercial and residential streets to be constructed in conjunction with any new development or redevelopment of property in the Belt Line Road corridor.

In conjunction with the Belt Line Road zoning, the Town adopted an Incentive Policy and Guidelines for Qualifying Projects. The policy recommended that the city: (i) provide incentives to attract new, or improve existing residential assets, (ii) identify streetscape improvement grants as a primary incentive program, (iii) identify certain strategic districts located along the Belt Line Road Corridor as "catalyst investment areas" and (iv) express the City's intent to participate in the Belt Line Corridor through public infrastructure improvements, including streetscape improvements that encourage pedestrian and transit access and public space amenities.

Ashton Woods is the first developer to rezone property to the Belt Line Road zoning district, and it is currently under construction on Asbury Circle, a 73-lot townhome development. Asbury Circle contains streets built in accordance with the Belt Line Road standards. When development plans were presented for the rezoning of the property, the staff determined that the development met the criteria expressed in the Policy, and recommended the Town participate in an amount not to exceed \$1,000,000.00 toward the cost of street improvements in the Asbury Circle development. The \$1,000,000.00 participation is funded in this current budget year.

RECOMMENDATION:

Staff recommends the Council authorize the City Manager to enter into a participation agreement with Ashton Dallas Residential L.L.C. to provide Town funding, in the amount of \$1,000,000.00, for public streetscape improvements in the Asbury Circle townhome development.

STATE OF TEXAS §
 § **DEVELOPER PARTICIPATION AGREEMENT**
COUNTY OF DALLAS §

This Developer Participation Agreement (“Agreement”) is made by and between the Town of Addison, Texas (the “City”), and Ashton Dallas Residential L.L.C., a Texas limited liability company (the “Developer”), acting by and through their respective authorized officers (the City and the Developer are sometimes referred to herein together as the “parties” and individually as a “party”).

WITNESSETH:

WHEREAS, the City is a home rule municipality pursuant to Article 11, Section 5 of the Texas Constitution and its Home Rule Charter; and

WHEREAS, Belt Line Road within the City is the City's primary east-west corridor, and the City has adopted by amendment to its Comprehensive Plan certain policies regarding the development of the Belt Line Road corridor (the “Belt Line Road Corridor” or “Corridor”) as set forth in Ordinance No. 006-014 of the City (the “Plan Amendments “); and

WHEREAS, the Plan Amendments include, among other things, a recognition of the need to “reinvent” and redevelop the Corridor to be a pedestrian-oriented mixed use area, with enhanced streetscaping, able to support the City's retail and restaurant activity and to attract business and residential development; and

WHEREAS, pursuant to and in order to implement the Plan Amendments, the City amended its Zoning Ordinance by adopting a zoning district identified as the “Belt Line District” in Ordinance No. 006-024; and

WHEREAS, the Developer is the owner of certain real property within the City generally described as approximately eight (8) acres of land located on the southeast and southwest corners of the intersection of Belt Line Road and Commercial Drive, and surrounding a restaurant identified as “IHOP”, which property is more particularly described in Exhibit A attached hereto (the “Property”); and

WHEREAS, the final plat for the Property is recorded in Volume ____, Page ____ of the Real Property Records of Dallas County, Texas (the “Final Plat”); and

WHEREAS, the Property is located within the Belt Line Road Corridor, and is zoned Belt Line District as set forth in Ordinance No. 006-026-1 of the City, which Ordinance, among other things, approved a concept plan for the development of the Property (the “Concept Plan”); and

WHEREAS, the Concept Plan provides for the Property to be developed for residential purposes, and specifically for the development and construction of townhomes in accordance with the Belt Line District zoning regulations; and

WHEREAS, in connection with its application to rezone the Property to the Belt Line District, the Developer advised the City that a contributing factor that would encourage the Developer to develop the Property in accordance with the Concept Plan would be an agreement by the City to provide funding to defray a portion of the cost to construct certain public improvements (streetscape improvements) required by the Belt Line District zoning and the Concept Plan, which improvements relate to the development of the Property and are described and identified in Exhibit B attached hereto and incorporated herein (the “Streetscape Improvements”); and

WHEREAS, the City has adopted an Incentive Policy & Guidelines for Qualifying Projects (the “Incentive Policy”), which provides, among other things, (i) for the City to consider providing incentives to attract new, or to improve existing, residential assets, (ii) identifies streetscape improvement grants as a primary incentive program, (iii) identifies certain strategic districts located along the Belt Line Road Corridor as an appropriate “catalyst investment area” as defined therein, and (iv) expresses the City's intent to participate in the Belt Line Corridor through public infrastructure improvements, including streetscape improvements that encourage pedestrian and transit access and public space amenities; and

WHEREAS, the Property is located within a “catalyst investment area” as described in the Incentive Policy, and the proposed Streetscape Improvements are the type of improvements specifically identified in the Incentive Policy as appropriate for investment by the City in order to encourage economic development and new residential assets to promote the growth of the City, and satisfy the criteria set forth in the Incentive Policy for the City to make such investment; and

WHEREAS, the City is authorized by Section 380.001 of the Texas Local Government Code to establish and provide for the administration of one or more programs, including programs for making loans and grants of public money, to promote local economic development and to stimulate business and commercial activity in the City; and

WHEREAS, the Incentive Policy and this Agreement constitute such a program for promoting local economic development; and

WHEREAS, the City has determined that providing the public infrastructure improvements as set herein will further the objectives of the City, will benefit the City and the City’s inhabitants, and will promote local economic development and stimulate business and commercial activity in the City.

NOW THEREFORE, for and in consideration of the above and foregoing premises and other good and valuable consideration, the sufficiency of which is hereby acknowledged, and on the terms and conditions hereinafter set forth, the Town of Addison, Texas and Ashton Dallas Residential L.L.C. do hereby agree as follows:

Section 1. Incorporation of Premises. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof.

Section 2. Term. This Agreement shall be effective as of the date of execution of this Agreement by the last of the Parties to do so (the “Effective Date”). This Agreement shall remain in full force and effect from the Effective Date until the City and the Developer have

completed their respective obligations hereunder or has been earlier terminated by the mutual agreement of the City and the Developer in writing or otherwise terminated as set forth in this Agreement (“Term”).

Section 3 Streetscape Improvements.

A. Design. The plans for the design and construction of the Streetscape Improvements (the “Plans”) have been previously completed and provided by Dowdey Anderson & Associates, Inc., a [e.g., professional engineer registered and licensed to provide its services in the State of Texas] (the “Design Professional”), and the same have been submitted to and approved by the City in accordance with the City’s normal and usual practices and processes for reviewing and approving design plans for a development. A true and correct copy of the Plans are on file in the office of the City’s Director of Public Works (the “Director”). The City’s approval of the Plans does not constitute and is not a release of the responsibility and liability of the Developer or the Design Professional for the accuracy and competency of the same, and such approval is not an assumption of or an indemnification for such responsibility or liability by the City for any defect, error or omission in such design plans or specifications, the responsibility and liability for the Plans being solely that of the Developer and the Design Professional.

B. Construction.

1. (a) The Developer has entered into an agreement for the construction of the Streetscape Improvements with _____ (“Contractor”), and has submitted to the City a true and correct copy of the construction contract for the same (the “Streetscape Construction Contract”). A true and correct copy of the Streetscape Construction Contract is on file in the office of the Director. The cost to construct the Streetscape Improvements is as set forth in the Streetscape Construction Contract (and any change orders thereto) (the “Streetscape Construction Cost”).

(b) Any change orders in connection with the Streetscape Construction Contract shall be submitted to the City for its review and consideration prior to execution, and the Developer shall provide to the City a true and correct copy of any change order promptly following its execution. In the event the City finds that a change order is excessive, the City shall notify the Developer and the Developer shall seek to reduce the cost of the change order.

(c) The Streetscape Improvements are to be constructed in, and the Streetscape Construction Contract is divided into, four phases, referred to herein as “Phase One,” “Phase Two,” “Phase Three” and “Phase Four.” The portion of the Streetscape Improvements to be constructed in each of the phases is set forth in the attached Exhibit B. Phase One, Phase Two, Phase Three, and Phase Four comprise the entire Streetscape Construction Contract.

(d) The construction of the Streetscape Improvements shall be diligently prosecuted by the Developer to completion. All work on the Streetscape Improvements shall be performed in a good and workmanlike manner and in accordance with and subject to the Belt Line District zoning for the Property, the Concept Plan, and all applicable ordinances, laws, standards, rules, regulations and codes of the City and any other

governmental entity having jurisdiction over the Property, and with all of the terms and conditions of this Agreement, and in conformance with the Plans.

2. Prior to any work on the Streetscape Improvements, the Developer shall provide to the City surety bonds guaranteeing the faithful performance of the work and the payment of all obligations arising under the Streetscape Construction Contract (including, without limitation, the payment of all persons performing labor or providing materials under or in connection with the Contract), each in the penal sum of one hundred percent (100%) of the Streetscape Construction Contract sum. The Developer shall pay or cause the Contractor to pay the premiums for such bonds. Bonds shall be issued by a surety company satisfactory to the City, licensed by the State of Texas to act as a Surety, and listed on the current U. S. Treasury Listing of Approved Sureties. All bonds shall be made on a form complying with the requirements of the laws of the State of Texas and satisfactory to the City. A surety bond shall also be executed and provided to the City to include a two-year maintenance requirement for the Streetscape Improvements. Developer shall maintain and keep in good repair the work contracted to be done and performed under the Streetscape Construction Contract for a period of two (2) years from the date of acceptance. The Developer and the Town of Addison, Texas shall be named as joint obligees on all of such bonds.

3. The Town of Addison, Texas shall be named as an additional insured on all liability insurance policies provided by the Contractor.

4. The Developer shall acquire all lands and rights-of-way necessary to construct the Streetscape Improvements. The Developer shall coordinate with the City and utility providers to minimize the possibility of damage to utilities in the construction area. Upon completion of the Streetscape Improvements, the Developer shall ensure that the Streetscape Improvements and the property on which the Streetscape Improvements were constructed are free and clear of all liens and encumbrances, including mechanics liens and purchase money security interests.

5. The Developer shall timely pay the Contractor in accordance with the terms and conditions of the Contract. The Developer shall use commercially reasonable efforts to ensure that all Streetscape Improvements are completed in a timely manner in accordance with the Streetscape Construction Contract. The Developer shall thoroughly inspect the work of the Contractor to guard the City against defects and deficiencies in the Streetscape Improvements without assuming responsibility for the means and methods used by the Contractor.

6. The City has the right to inspect, test, measure or verify the construction work on the Streetscape Improvements as the City deems necessary.

7. Developer shall keep the Director informed regarding the progress of the Streetscape Improvements construction. Developer shall notify and provide documentation to the Director for the following events: (i) award of the Contract (including copies of bonds and insurance), (ii) notice to proceed, (iii) default of the Contractor (if it occurs), and (iv) completion of the Streetscape Improvements such that they are ready for inspection by the City. The Streetscape Improvements (Phase One through Phase Four thereof) shall not be considered finally complete until the Director has inspected the Streetscape Improvements and has issued a certificate of completion.

C. Reimbursement.

1. (a) Upon the full and final completion of Phase One of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) Four Hundred Seventy Seven Thousand and No /100 Dollars (\$477,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase One portion thereof, whichever is less (the “Phase One Reimbursement Amount”).

(b) Upon the full and final completion of Phase Two of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Fifty Six Thousand and No /100 Dollars (\$156,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase II portion thereof, whichever is less (the “Phase Two Reimbursement Amount”).

(c) Upon the full and final completion of Phase Three of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Ninety Three Thousand and No /100 Dollars (\$193,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase Three portion thereof, whichever is less (the “Phase Three Reimbursement Amount”).

(d) Upon the full and final completion of Phase Four of the Streetscape Improvements but subject to the terms and conditions of this Agreement, the City shall reimburse the Developer a portion of the Streetscape Construction Cost paid by the Developer in an amount not to exceed (i) One Hundred Seventy Four Thousand and No /100 Dollars (\$174,000.00), or (ii) thirty percent (30%) of the total Streetscape Construction Contract price for the Phase Four portion thereof, whichever is less (the “Phase Four Reimbursement Amount”).

In any event and notwithstanding any other provision of this Agreement, the combined total of the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount being collectively the “Total Reimbursement Amount”) shall not exceed One Million and No/100 Dollars (\$1,000,000.00) or thirty percent (30%) of the total Streetscape Construction Contract price, whichever is less.

2. Payment of each of the Phase One Reimbursement Amount, the Phase Two Reimbursement Amount, the Phase Three Reimbursement Amount, and the Phase Four Reimbursement Amount shall be made in accordance with and is subject to the following:

(a) Upon the full and final completion of each of Phase One, Phase Two, Phase Three, and Phase Four, the Developer shall submit to the City an invoice for the applicable reimbursement amount (for Phase One, Phase Two, Phase Three, or Phase

Four, as the case may be) (which shall also show the total Streetscape Construction Contract price paid to the Contractor) (a “Reimbursement Invoice”). The Reimbursement Invoice shall be in form and content acceptable to the City and shall be accompanied by a certification from the Developer stating and providing:

- (i) that the applicable portion of the Streetscape Improvements
 - (A) has been fully and finally completed in accordance and conformance with:
 - (1) the Plans,
 - (2) the Streetscape Construction Contract,
 - (3) all laws, ordinances, standards, codes, rules and regulations of the United States, the State of Texas, the City, and any other governmental entity having jurisdiction (including, without limitation, the standards of the Americans with Disabilities Act of 1990), and
 - (4) this Agreement,
 - (B) has been reviewed and accepted by the City (or other appropriate governmental entity having jurisdiction over the Streetscape Improvements), and
 - (C) has been paid for in full by the Developer, and
- (ii) that there are no outstanding claims or liens by any contractor, subcontractor, or provider of materials, supplies, or labor in connection with work on the applicable portion of the Streetscape Improvements.

The certification shall be by affidavit sworn to by an appropriate officer of the Developer authorized to submit the same.

(b) The Reimbursement Invoice shall also be accompanied by a copy of the Contractor's certificate of payment to subcontractors and material suppliers, and by a certificate (sealed by the Design Professional) from the Design Professional that the applicable portion of the Streetscape Improvements have been fully and finally completed in accordance and conformity with the Plans and the Streetscape Construction Contract.

(c) Payment of the Total Reimbursement Amount or any portion thereof is further conditioned on and subject to the City's prior receipt from the Developer of all as-built drawings, certifications, maintenance manuals, operating instructions, written guarantees, warranties, and bonds relating to the applicable portion of the Streetscape Improvements, and assignments of all guarantees and warranties from the Contractor, subcontractors, vendors, suppliers, or manufacturers, in connection with or relating to all or any portion of the work on the applicable portion of the Streetscape Improvements.

(d) Upon the City's receipt and review (to the City's satisfaction) of (a) the Reimbursement Invoice, (b) the Developer's certification that the work has been fully and finally completed as set forth above, (c) the other information to be submitted by Developer in accordance with this Agreement, and (d) the compliance by Developer (to the City's satisfaction) with applicable portions of this Agreement, the City shall pay to the Developer within 30 days thereafter the amount of the Reimbursement Invoice.

(e) Notwithstanding the foregoing or any other provision of this Agreement, the obligation of the City to reimburse the Developer and/or to pay the Total Reimbursement Amount or any portion thereof is conditioned upon and subject to the appropriation and budgeting by the City, in its sole and absolute discretion, of funds to pay the same.

Section 4. Insurance.

A. At all times, Developer shall maintain the minimum insurance coverage, described below. Developer may satisfy this requirement through insurance provided by its Contractor.

1. Commercial General Liability insurance at minimum combined single limits of \$5,000,000 per-occurrence and \$5,000,000 general aggregate for bodily injury and property damage, which coverage shall include products/completed operations (\$5,000,000 products/ completed operations aggregate), and XCU (Explosion, Collapse, Underground) hazards. Coverage for products/completed operations must be maintained for at least two (2) years after the construction work has been completed.

2. Workers Compensation insurance at statutory limits, including Employers Liability coverage a minimum limits of \$1,000,000 each-occurrence each accident/\$1,000,000 by disease each-occurrence/\$1,000,000 by disease aggregate.

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.

4. Builders Risk coverage as follows:

(a) "All Risk" Builders Risk insurance, including collapse coverage, is required on a completed value form if the contract is for the construction of a structure or building.

(b) The Builders Risk policy must provide transit and off-premises coverage if the contract with the builder makes the Town of Addison responsible for materials. The deductible shall not exceed \$50,000.

5. Umbrella Liability at minimum limits of \$_____ – each-occurrence/\$_____ aggregate with respect to primary Commercial General Liability, Automobile Liability, and Employers Liability policies.

The Developer shall use commercially reasonable efforts to cause subcontractor(s) hired by the Contractor to maintain insurance coverage equal to that required of the Contractor.

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

1. The Town of Addison, Texas shall be named as an additional insured with respect to General Liability and Automobile Liability.
2. All liability policies shall contain no cross liability exclusions or insured versus insured restrictions.
3. A waiver of subrogation in favor of the Town of Addison, Texas, its officers and employees shall be contained in the Workers Compensation, Builders Risk, and all liability policies.
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, material modification, or non-renewal of the insurance.
6. 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.
7. Required limits may be satisfied by any combination of primary and umbrella liability insurances.
8. Contractor may maintain reasonable and customary deductibles.
9. Insurance must be purchased from insurers that are financially acceptable to the City 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 the Developer and the City prior to the commencement of any work on the Streetscape Improvements, and shall contain provisions representing and warranting the following:

1. Sets forth all endorsements and insurance coverages according to requirements and instructions contained herein.
2. Shall specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

C. Developer shall require its construction contractor(s) to continuously and without interruption, maintain in force the required insurance coverages specified in this Section. If Developer does not comply with this requirement, the Director, at the Director's sole discretion, and after at least 15 days notice to Developer and opportunity to cure within the said 15 day period, may

- a. immediately suspend Developer from any further performance under this Agreement and begin procedures to terminate for default, or
- b. purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Developer under this Agreement.

The City shall never waive or be estopped to assert its right to terminate this Agreement because of its acts or omissions regarding its review of insurance documents.

Section 5. Developer’s Indemnity Obligation.

A. Developer covenants and agrees to FULLY DEFEND, 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 being each an “Addison Person” and collectively the “Addison Persons”), from and against any and all costs, claims, liens, harm, damages, losses, expenses, fees, fines, penalties, proceedings, judgments, actions, demands, causes of action, liability, and suits, of any kind and nature whatsoever made upon any Addison Person, whether directly or indirectly, (the “Claims”), that arise out of, result from, or relate to: (1) the design and construction of the Streetscape Improvements, (2) the use of any premises within the City by Developer, (3) representations or warranties by Developer under this Agreement, and/or (4) any other act or omission under or in performance of this Agreement by Developer, or any owner, officer, director, manager, employee, agent, representative, consultant, contractor, subcontractor, licensee, or concessionaire of Developer, or any other person or entity for whom Developer is legally responsible, and their respective owners, officers, managers, employees, directors, agents, and representatives. 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 THE TOWN OF ADDISON, TEXAS OR ANY OTHER ADDISON PERSON, OR ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS OR ANY OTHER ADDISON PERSON THAT GIVES RISE TO STRICT LIABILITY OF ANY KIND, BUT DOES NOT INCLUDE CLAIMS FOUND TO HAVE BEEN CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF AN ADDISON PERSON.

B. Developer shall promptly advise the City in writing of any claim or demand against any Addison Person or Developer related to or arising out of Developer's activities under this Agreement and shall see to the investigation and defense of such claim or demand at Developer's sole cost and expense. The Addison Persons shall have the right, at the Addison Persons’ option and at own expense, to participate in such defense without relieving Developer of any of its obligations hereunder.

C. The provisions of this defense, indemnity, and hold harmless obligation, and any other defense, indemnity, and hold harmless obligation set forth in this Agreement, shall survive the termination or expiration of this Agreement.

Section 6. Termination.

A. FAILURE OF THE DEVELOPER TO TIMELY COMPLETE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT SHALL CONSTITUTE A DEFAULT OF THIS AGREEMENT BY DEVELOPER AND SHALL TERMINATE THE CITY'S DUTY TO REIMBURSE DEVELOPER FOR ANY COSTS HEREUNDER OR FOR ANY COSTS WHATSOEVER, AND SHALL CONSTITUTE A WAIVER BY DEVELOPER OF ANY RIGHT TO CLAIM SUCH REIMBURSEMENT OR ANY OTHER COSTS OR DAMAGES ARISING OUT OF THIS AGREEMENT OR THE DESIGN AND CONSTRUCTION OF THE STREETScape IMPROVEMENTS. DEVELOPER'S FAILURE TO COMPLETE ITS OBLIGATIONS TIMELY SHALL NOT REQUIRE THE CITY TO GIVE NOTICE OF DEFAULT AS DESCRIBED BELOW OR TO GIVE DEVELOPER ANY TIME TO CURE.

B. For any other reason except Developer's failure to complete its obligations timely as set forth in subsection A., either party may terminate its performance under this Agreement in the event of default by the other party and a failure by that party to cure such default after receiving notice thereof, as provided in this Section. For purposes of this subsection B., default shall occur if a party fails to observe or perform any of its duties under this Agreement. Should such a default occur, the non-defaulting party shall deliver a written notice to the defaulting party describing such default and the proposed date of termination. Such date may not be sooner than the 10th day following receipt of the notice. The non-defaulting party, at its sole option, may extend the proposed date of termination to a later date. If prior to the proposed date of termination, the defaulting party cures such default to the non-defaulting party's satisfaction, the proposed termination shall be ineffective. If the defaulting party fails to cure such default prior to the proposed date of termination, the non-defaulting party may terminate this Agreement, and the obligations of the parties hereunder shall end. The Director may give such notice on behalf of the City for purposes of this Agreement.

C. In the event this Contract is terminated due to default of the Developer or the Developer abandons the residential project on the Property, either of which events is before the Contractor completes the construction of the Streetscape Improvements, the City reserves the right to continue the Streetscape Construction Contract and utilize any unexpended portion of the reimbursement amount described in this Agreement to reimburse the Contractor. In such event, Developer shall have no claim for any other funds of the City.

Section 7. Miscellaneous.

A. In connection with this Agreement and the matter set forth herein, all of the Developer's books and other records related to the Streetscape Improvements shall be available for inspection by the City at a location within the City as determined by the City. Developer shall include in the Streetscape Construction Contract that the City has and reserves the right, upon notice, to inspect and make an audit of all books, records, accounts and other data of the Contractor relating to the construction of the Streetscape Improvements and performance of the Streetscape Construction Contract. The City further has the right to conduct inspections of all places where work is undertaken in connection with this Agreement.

B. Developer is an independent contractor, and Developer shall accomplish all of its obligations and services provided for herein in such capacity, and under no circumstances shall

this Agreement be construed as one of agency, partnership, joint venture, joint enterprise, or employment between the parties; provided always however that the obligations and services of Developer hereunder shall be provided in a manner consistent with all applicable standards and regulations governing the same. The City shall have no control or supervisory powers as to the detailed manner or method of the Developer's performance of the subject matter of this Agreement. All officers, employees, personnel, contractors, subcontractor's, agents, and representatives supplied or used by Developer shall be deemed employees or subcontractors of Developer and shall not be considered employees, agents or subcontractors of the City for any purpose whatsoever. Developer shall be solely responsible for the compensation of all such persons, for the withholding of income, social security and other payroll taxes and for the coverage of all workers' compensation benefits.

C. Neither party shall have the authority to or shall assign, convey, pledge, or otherwise transfer in any manner this Agreement, or any of the privileges, rights, or duties set forth herein, to any other person or entity, without the express prior written approval and consent of the other party. Any assignment, conveyance, pledge, or other transfer in violation of this provision shall be null and void *ab initio* and cause for immediate termination (no period of cure) by the other party.

D. This Agreement and each of its provisions 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.

E. Except as otherwise provided for in this Agreement, all obligations and responsibilities arising prior to the expiration or termination of this Agreement allocating responsibility or liability of or between the parties shall survive the completion or termination of this Agreement, and any rights and remedies either party may have with respect to the other arising out of the performance during the term of this Agreement shall survive the cancellation, expiration, or termination of this Agreement.

F. The failure of either party to enforce any provision or condition contained in this Agreement at any time will not be construed as a waiver of that condition or provision nor will it operate as a forfeiture of any right of future enforcement of the condition or provision.

G. Any notice and/or statement required and permitted to be delivered shall be deemed delivered upon receipt after depositing same in the United States mail, certified mail with return receipt requested, postage prepaid, or upon receipt by nationally recognized overnight courier, addressed to the appropriate party at the following addresses, or at such other addresses provided by the parties by notice under this subsection:

To City:

5300 Belt Line Road
Dallas, Texas 75254
Attn: City Manager

To Developer:

Ashton Dallas Residential L.L.C.
8111 LBJ Freeway, Suite 1500
Dallas, Texas 75251
Attn: Bruce Prine

H. The laws of the State of Texas shall govern and apply to the interpretation, validity and enforcement of this Agreement; and, with respect to any conflict of law provisions,

the parties agree that such conflict of law provisions shall not affect the application of the law of Texas (without reference to its conflict of law provisions) to the governing, interpretation, validity and enforcement of this Agreement. In the event of any action under this Agreement, venue for all causes of action shall be instituted and maintained exclusively in state courts located in Dallas County, Texas.

I. This Agreement supersedes all previous agreements and constitutes the entire understanding of the parties. Developer shall be entitled to no other benefits than those specified herein. No changes, amendments or alterations shall be effective unless in writing and signed by both parties.

J. If any provision of this Agreement is held by a court of competent jurisdiction to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision is not a part hereof, and the remaining provisions hereof shall remain in full force and effect.

K. This Agreement and all of its terms and conditions are subject to applicable laws, ordinances, rules, regulations, and codes, including, without limitation, the City Charter of the Town of Addison, Texas.

L. For purposes of this Agreement, "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.

M. The undersigned officers and/or agents of the parties hereto are the properly authorized officials and have the necessary authority to execute this Agreement on behalf of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

TOWN OF ADDISON, TEXAS

**ASHTON DALLAS RESIDENTIAL L.L.C.,
a Texas limited liability company**

By: _____
Ron Whitehead, City Manager

By: _____

Date: _____

Typed name: _____

Title: _____

Date: _____

OWNER'S CERTIFICATE AND DECLARATION

STATE OF TEXAS
COUNTY OF DALLAS
ADDITIONAL DALLAS RESIDENTIAL, L.L.C. is the owner of a parcel of land located in the Town of Addison, Texas...

THENCE North 45 degrees 45 minutes 55 seconds East, a distance of 202.78 feet to a 1/2 inch iron rod with a yellow plastic cap found for corner...

THENCE North 39 degrees 48 minutes 52 seconds East, a distance of 262.96 feet to an "X" found in concrete parking at the most Southerly Northwest corner of said Lot 2...

THENCE North 00 degrees 20 minutes 34 seconds East, a distance of 30.20 feet to a 1/2 inch iron rod found in said South right-of-way line of Bart Line Road at the most Northerly Northwest corner of said Lot 2...

THENCE South 09 degrees 29 minutes 28 seconds East, a distance of 178.12 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner...

THENCE North 05 degrees 48 minutes 28 seconds West, a distance of 11.27 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner at the beginning of a 20-foot wide alleyway...

THENCE South 25 degrees 08 minutes 17 seconds East, a distance of 61.03 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner...

THENCE South 25 degrees 08 minutes 17 seconds East, a distance of 61.03 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner...

THENCE South 25 degrees 08 minutes 17 seconds East, a distance of 61.03 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner...

THENCE South 25 degrees 08 minutes 17 seconds East, a distance of 61.03 feet to a 1/2 inch iron rod with a yellow plastic cap stamped "DUM" set for corner...

KNOW THEE, KNOW ALL MEN BY THESE PRESENTS:

THAT, the undersigned, a history public, on this day personally appeared Eric Robinson, known to me to be the person and consideration therein expressed and is acknowledged to me that the same was the act of said Eric Robinson...

THENCE North 00 degrees 20 minutes 34 seconds East, a distance of 30.20 feet to a 1/2 inch iron rod found in said South right-of-way line of Bart Line Road at the most Northerly Northwest corner of said Lot 2...

THENCE North 39 degrees 48 minutes 52 seconds East, a distance of 262.96 feet to an "X" found in concrete parking at the most Southerly Northwest corner of said Lot 2...

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STATE OF TEXAS
COUNTY OF COLLIN

KNOW ALL MEN BY THESE PRESENTS:
That I, Scott Shively, being duly sworn, depose and testify that I prepared this plat from an actual and accurate survey of the land and that the corner monuments shown hereon are true and correct and were set under my personal supervision in accordance with the Practice Rules and Regulations of the Town of Addison, Texas.

Scott Shively
Registered Professional Land Surveyor
No. 5874

STATE OF TEXAS
COUNTY OF COLLIN

BEFORE ME, the undersigned, a history public, on this day personally appeared Scott Shively, known to me to be the person and consideration therein expressed and is acknowledged to me that he executed the same for the purposes and considerations therein expressed and that he executed the same in the capacity therein stated.

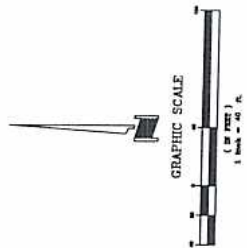
History Public in and for the State of Texas

CERTIFICATE OF APPROVAL
APPROVED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS, ON THE ___ DAY OF ___ 2007

MAYOR
CITY SECRETARY

73 LOTS ~ 8.140 ACRES
FINAL PLAT
ASBURY CIRCLE
BEING A REPLAT OF
AND
SKIP BAILEY ADDITION
LOT 1 AND LOT 2, BLOCK A
AND
LOT 4R-1
ADDISON TOWN CENTER
LOTS 3A,3B,3C-1,4R-1 & 5
AN ADDITION TO THE CITY OF ADDISON,
THOMAS L. CHENOWETH SURVEY, ABSTRACT NO. 273
DALLAS COUNTY, TEXAS

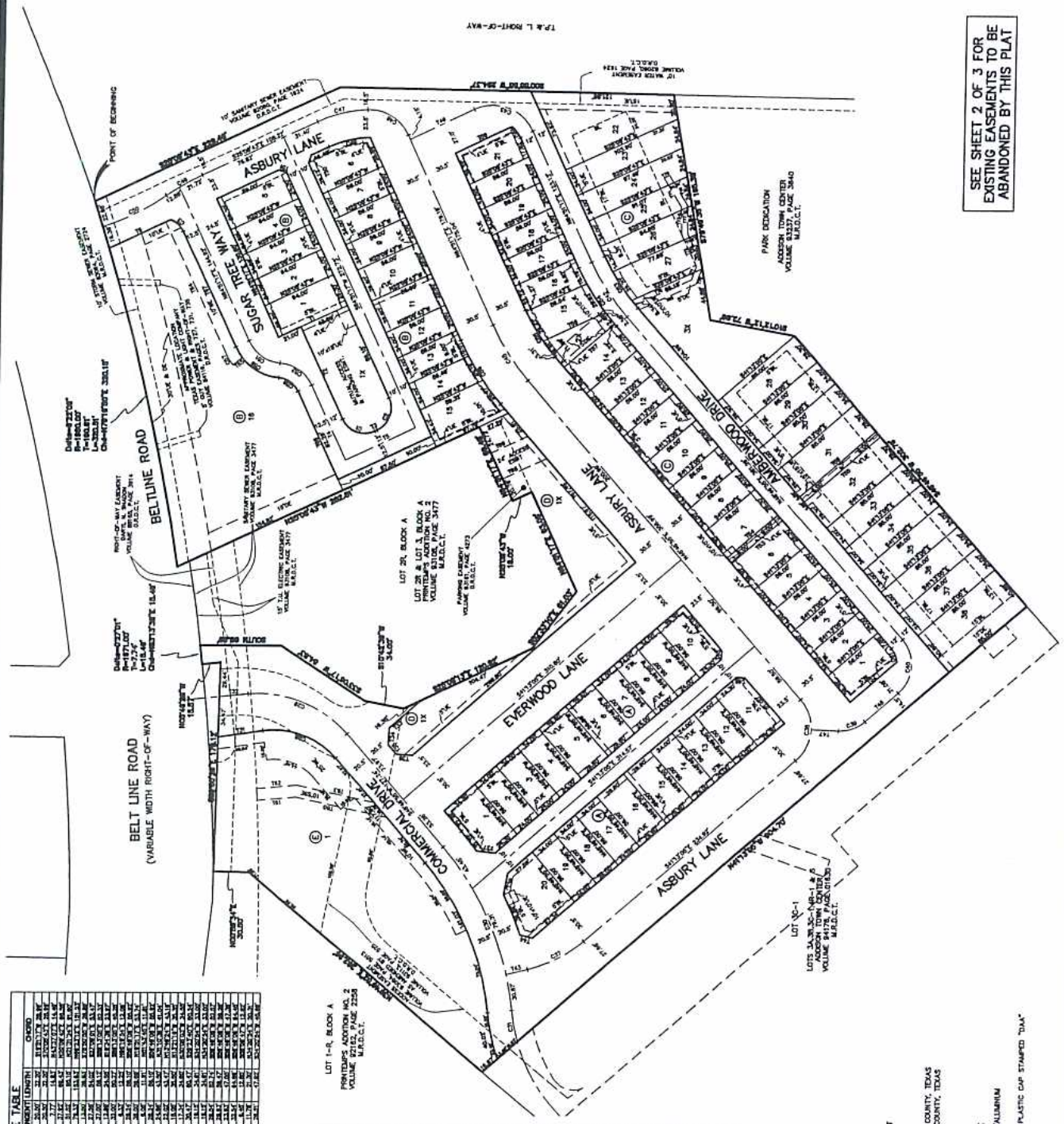
OWNER
ASHTON DALLAS RESIDENTIAL, L.L.C.
2900 MONFORT DRIVE
SUITE 100
DALLAS, TEXAS 75240
772-489-3525
ENGINEER
DOODY ANDERSON & ASSOCIATES, P.C.
1223 Maple Oak, Suite 202
Ft. Worth, TX 76104
(817) 251-2601
SCALE: 1"=40'



73 LOTS ~ 8.140 ACRES
FINAL PLAT
ASBURY CIRCLE
 BEING A REPLAT OF
 AND
 SKIP BAILEY ADDITION
 AND
 LOT 4R-1
 ADDISON TOWN CENTER
 LOTS 3A, 3B, 3C-1, 4R-1 & 5
 AN ADDITION TO THE CITY OF ADDISON
 THOMAS L. CHENOWETH SURVEY, ABSTRACT NO. 273
 DALLAS COUNTY, TEXAS
 AUGUST 2008 SCALE: 1"=40'

OWNER:
 ASHTON DALLAS RESIDENTIAL, L.L.C.
 13060 MONROE DRIVE, SUITE 100
 DALLAS, TEXAS 75240
 972-490-3255
ENGINEER:
 DOWDEY, ANDERSON & ASSOCIATES, INC.
 2221 Maple Creek, Suite 202 • Fort Worth, Texas 76104 • (817) 351-0804

SEE SHEET 2 OF 3 FOR
 EXISTING EASEMENTS TO BE
 ABANDONED BY THIS PLAT



CURVE TABLE

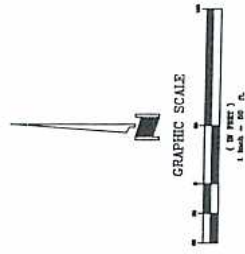
| CHORD | DELTA | TANGENT | ARC LENGTH | CHORD BEARING |
|-------|-------|---------|------------|---------------|
| 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 0.01 | 0.02 | 0.03 | 0.01 | 90.00 |
| 0.02 | 0.04 | 0.06 | 0.02 | 89.98 |
| 0.03 | 0.06 | 0.09 | 0.03 | 89.96 |
| 0.04 | 0.08 | 0.12 | 0.04 | 89.94 |
| 0.05 | 0.10 | 0.15 | 0.05 | 89.92 |
| 0.06 | 0.12 | 0.18 | 0.06 | 89.90 |
| 0.07 | 0.14 | 0.21 | 0.07 | 89.88 |
| 0.08 | 0.16 | 0.24 | 0.08 | 89.86 |
| 0.09 | 0.18 | 0.27 | 0.09 | 89.84 |
| 0.10 | 0.20 | 0.30 | 0.10 | 89.82 |
| 0.11 | 0.22 | 0.33 | 0.11 | 89.80 |
| 0.12 | 0.24 | 0.36 | 0.12 | 89.78 |
| 0.13 | 0.26 | 0.39 | 0.13 | 89.76 |
| 0.14 | 0.28 | 0.42 | 0.14 | 89.74 |
| 0.15 | 0.30 | 0.45 | 0.15 | 89.72 |
| 0.16 | 0.32 | 0.48 | 0.16 | 89.70 |
| 0.17 | 0.34 | 0.51 | 0.17 | 89.68 |
| 0.18 | 0.36 | 0.54 | 0.18 | 89.66 |
| 0.19 | 0.38 | 0.57 | 0.19 | 89.64 |
| 0.20 | 0.40 | 0.60 | 0.20 | 89.62 |
| 0.21 | 0.42 | 0.63 | 0.21 | 89.60 |
| 0.22 | 0.44 | 0.66 | 0.22 | 89.58 |
| 0.23 | 0.46 | 0.69 | 0.23 | 89.56 |
| 0.24 | 0.48 | 0.72 | 0.24 | 89.54 |
| 0.25 | 0.50 | 0.75 | 0.25 | 89.52 |
| 0.26 | 0.52 | 0.78 | 0.26 | 89.50 |
| 0.27 | 0.54 | 0.81 | 0.27 | 89.48 |
| 0.28 | 0.56 | 0.84 | 0.28 | 89.46 |
| 0.29 | 0.58 | 0.87 | 0.29 | 89.44 |
| 0.30 | 0.60 | 0.90 | 0.30 | 89.42 |
| 0.31 | 0.62 | 0.93 | 0.31 | 89.40 |
| 0.32 | 0.64 | 0.96 | 0.32 | 89.38 |
| 0.33 | 0.66 | 0.99 | 0.33 | 89.36 |
| 0.34 | 0.68 | 1.02 | 0.34 | 89.34 |
| 0.35 | 0.70 | 1.05 | 0.35 | 89.32 |
| 0.36 | 0.72 | 1.08 | 0.36 | 89.30 |
| 0.37 | 0.74 | 1.11 | 0.37 | 89.28 |
| 0.38 | 0.76 | 1.14 | 0.38 | 89.26 |
| 0.39 | 0.78 | 1.17 | 0.39 | 89.24 |
| 0.40 | 0.80 | 1.20 | 0.40 | 89.22 |
| 0.41 | 0.82 | 1.23 | 0.41 | 89.20 |
| 0.42 | 0.84 | 1.26 | 0.42 | 89.18 |
| 0.43 | 0.86 | 1.29 | 0.43 | 89.16 |
| 0.44 | 0.88 | 1.32 | 0.44 | 89.14 |
| 0.45 | 0.90 | 1.35 | 0.45 | 89.12 |
| 0.46 | 0.92 | 1.38 | 0.46 | 89.10 |
| 0.47 | 0.94 | 1.41 | 0.47 | 89.08 |
| 0.48 | 0.96 | 1.44 | 0.48 | 89.06 |
| 0.49 | 0.98 | 1.47 | 0.49 | 89.04 |
| 0.50 | 1.00 | 1.50 | 0.50 | 89.02 |

LINE TABLE

| LINE | BEARING | LENGTH | ORDER |
|------|---------------|--------|-------|
| 1 | N 00°00'00" E | 1.00 | 1 |
| 2 | N 89°59'59" W | 1.00 | 2 |
| 3 | S 00°00'00" W | 1.00 | 3 |
| 4 | S 89°59'59" E | 1.00 | 4 |
| 5 | N 00°00'00" E | 1.00 | 5 |
| 6 | N 89°59'59" W | 1.00 | 6 |
| 7 | S 00°00'00" W | 1.00 | 7 |
| 8 | S 89°59'59" E | 1.00 | 8 |
| 9 | N 00°00'00" E | 1.00 | 9 |
| 10 | N 89°59'59" W | 1.00 | 10 |
| 11 | S 00°00'00" W | 1.00 | 11 |
| 12 | S 89°59'59" E | 1.00 | 12 |
| 13 | N 00°00'00" E | 1.00 | 13 |
| 14 | N 89°59'59" W | 1.00 | 14 |
| 15 | S 00°00'00" W | 1.00 | 15 |
| 16 | S 89°59'59" E | 1.00 | 16 |
| 17 | N 00°00'00" E | 1.00 | 17 |
| 18 | N 89°59'59" W | 1.00 | 18 |
| 19 | S 00°00'00" W | 1.00 | 19 |
| 20 | S 89°59'59" E | 1.00 | 20 |
| 21 | N 00°00'00" E | 1.00 | 21 |
| 22 | N 89°59'59" W | 1.00 | 22 |
| 23 | S 00°00'00" W | 1.00 | 23 |
| 24 | S 89°59'59" E | 1.00 | 24 |
| 25 | N 00°00'00" E | 1.00 | 25 |
| 26 | N 89°59'59" W | 1.00 | 26 |
| 27 | S 00°00'00" W | 1.00 | 27 |
| 28 | S 89°59'59" E | 1.00 | 28 |
| 29 | N 00°00'00" E | 1.00 | 29 |
| 30 | N 89°59'59" W | 1.00 | 30 |
| 31 | S 00°00'00" W | 1.00 | 31 |
| 32 | S 89°59'59" E | 1.00 | 32 |
| 33 | N 00°00'00" E | 1.00 | 33 |
| 34 | N 89°59'59" W | 1.00 | 34 |
| 35 | S 00°00'00" W | 1.00 | 35 |
| 36 | S 89°59'59" E | 1.00 | 36 |
| 37 | N 00°00'00" E | 1.00 | 37 |
| 38 | N 89°59'59" W | 1.00 | 38 |
| 39 | S 00°00'00" W | 1.00 | 39 |
| 40 | S 89°59'59" E | 1.00 | 40 |
| 41 | N 00°00'00" E | 1.00 | 41 |
| 42 | N 89°59'59" W | 1.00 | 42 |
| 43 | S 00°00'00" W | 1.00 | 43 |
| 44 | S 89°59'59" E | 1.00 | 44 |
| 45 | N 00°00'00" E | 1.00 | 45 |
| 46 | N 89°59'59" W | 1.00 | 46 |
| 47 | S 00°00'00" W | 1.00 | 47 |
| 48 | S 89°59'59" E | 1.00 | 48 |
| 49 | N 00°00'00" E | 1.00 | 49 |
| 50 | N 89°59'59" W | 1.00 | 50 |
| 51 | S 00°00'00" W | 1.00 | 51 |
| 52 | S 89°59'59" E | 1.00 | 52 |
| 53 | N 00°00'00" E | 1.00 | 53 |
| 54 | N 89°59'59" W | 1.00 | 54 |
| 55 | S 00°00'00" W | 1.00 | 55 |
| 56 | S 89°59'59" E | 1.00 | 56 |
| 57 | N 00°00'00" E | 1.00 | 57 |
| 58 | N 89°59'59" W | 1.00 | 58 |
| 59 | S 00°00'00" W | 1.00 | 59 |
| 60 | S 89°59'59" E | 1.00 | 60 |
| 61 | N 00°00'00" E | 1.00 | 61 |
| 62 | N 89°59'59" W | 1.00 | 62 |
| 63 | S 00°00'00" W | 1.00 | 63 |
| 64 | S 89°59'59" E | 1.00 | 64 |
| 65 | N 00°00'00" E | 1.00 | 65 |
| 66 | N 89°59'59" W | 1.00 | 66 |
| 67 | S 00°00'00" W | 1.00 | 67 |
| 68 | S 89°59'59" E | 1.00 | 68 |
| 69 | N 00°00'00" E | 1.00 | 69 |
| 70 | N 89°59'59" W | 1.00 | 70 |
| 71 | S 00°00'00" W | 1.00 | 71 |
| 72 | S 89°59'59" E | 1.00 | 72 |
| 73 | N 00°00'00" E | 1.00 | 73 |

LEGEND

- BUILDING LINE
- FINANCE EASEMENT
- HOMEOWNERS ASSOCIATION
- PLANNING COMMISSION'S ASSOCIATION
- SANITARY SEWER EASEMENT
- UTILITY EASEMENT
- DRIVE WITH FLOOD MONITOR
- DRIVE WITH FLOOD MONITOR
- MAP RECORDS, DALLAS COUNTY, TEXAS
- DOCUMENT NUMBER
- FROM P.C. PLAT
- DOWDIES STREET NAME CHANGE
- MONUMENT FOUND W/ALUMINUM
- DISK STAMPED AS NOTED
- 1/2" IRON ROD SET W/ YELLOW PLASTIC CAP STAMPED "D&A"



EASEMENTS TO BE ABANDONED BY THIS PLAT
73 LOTS ~ 6140 ACRES
FINAL PLAT
ASSBURY CIRCLE
BEING A REPLAT OF
PART OF LES LACS PLAZA SUBDIVISION
AND
SKIP BAILEY ADDITION
LOT 1 AND LOT 2, BLOCK A
AND
LOT 4R-1
ADDISON TOWN CENTER
LOTS 3A, 3B, 3C-1, 4R-1 & 5
AN ADDITION TO THE CITY OF ADDISON
THOMAS L. CHENOWETH SURVEY, ABSTRACT NO. 273
DALLAS COUNTY, TEXAS
AUGUST 2006 SCALE: 1"=40'

OWNER
ASHTON DALLAS RESIDENTIAL, L.L.C.
13800 MONFORT DRIVE SUITE 100
DALLAS, TEXAS 75240
972-490-3255
ENGINEER
DOWDEY, ANDERSON & ASSOCIATES, INC.
222 Maple Creek Drive, Suite 200, Fort Worth, Texas 76103 972-511-0881

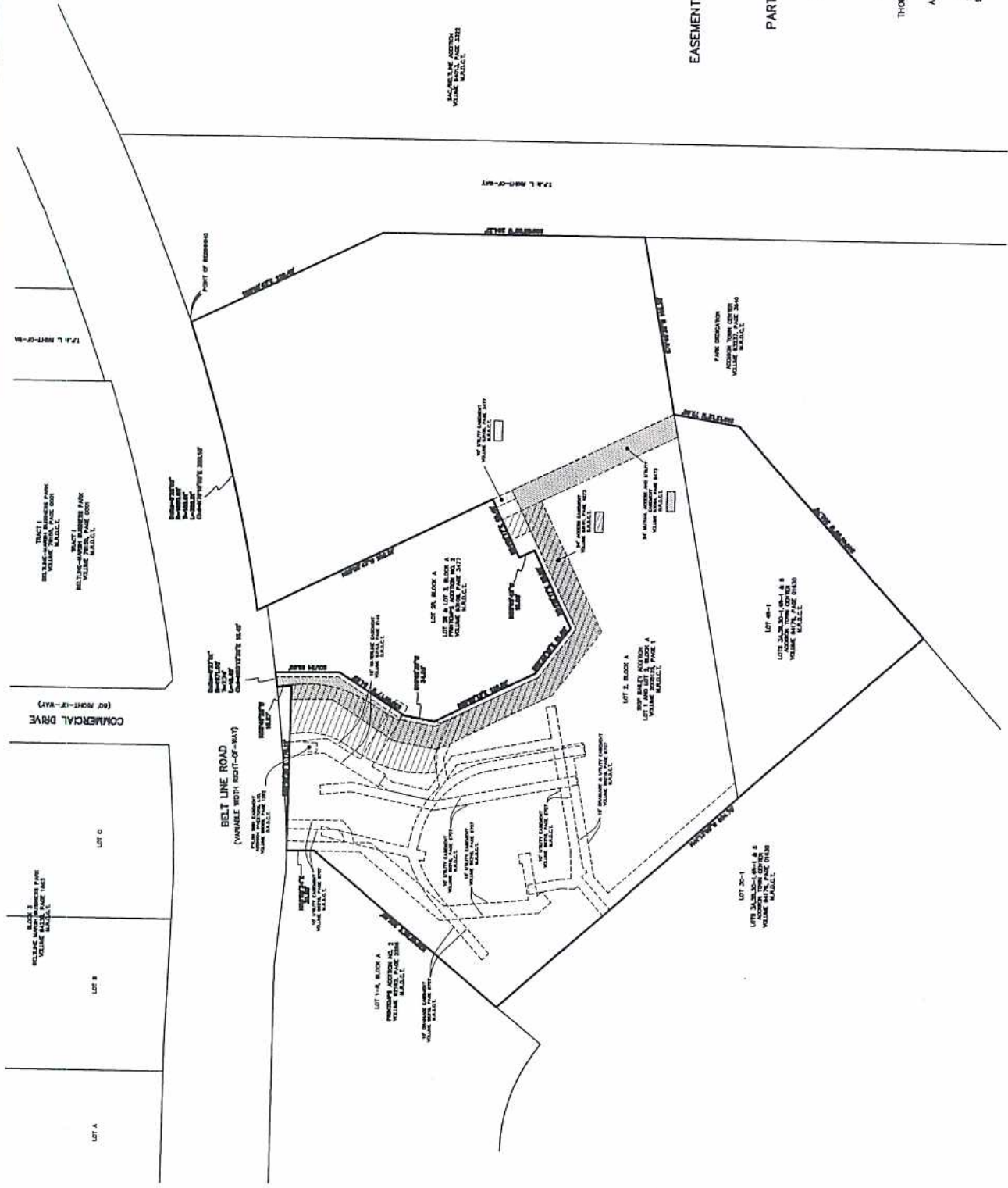


EXHIBIT A

DIMENSION CONTROL PLAN
ASBURY CIRCLE
 TOWN OF ADDICKSON
 DALLAS COUNTY, TEXAS

DOWDEY ANDERSON & ASSOCIATES, INC.
 1521 Maple Creek, Dallas, TX 75244
 DATE: 04/11/2011
 SHEET: 1 OF 1

| NO. | DATE | BY | REVISION |
|-----|------|----|----------|
| | | | |
| | | | |
| | | | |



I, **J. Corey Ross**, LICENSED PROFESSIONAL ENGINEER
 STATE OF TEXAS, LICENSE NO. 12557, HEREBY CERTIFY THAT I AM THE DESIGNER OF THIS PLAN.
 DATE: 04/11/2011

BENCHMARKS:
 CITY OF ADDICKSON BENCHMARK NO. 13.
 SQUARE CUT ON THE BACK OF CURB AT THE CENTER OF AN INLET
 AT THE NORTHEAST CORNER OF BELLEVUE ROAD AND SANGERON
 BOULEVARD.
 ELEVATION = 574.47

LOT 20-1
 LOT 20-1
 ADDICKSON TOWN CENTER
 VALUING DATA, PAGE 01030
 SUBJECT

CITY OF ADDICKSON BENCHMARK NO. 18
 SQUARE CUT ON CROSBY ELECTRIC VAULT AT THE NORTHEAST
 CORNER OF BELLEVUE ROAD AND SANGERON BOULEVARD.
 ELEVATION = 573.21

NOTES:
 1. ALL DIMENSIONS ARE TO THE FACE OF CURB
 UNLESS OTHERWISE NOTED.

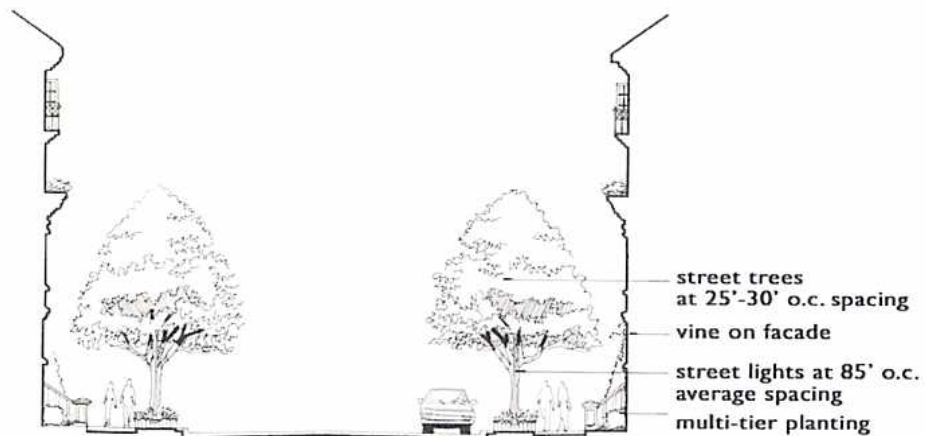
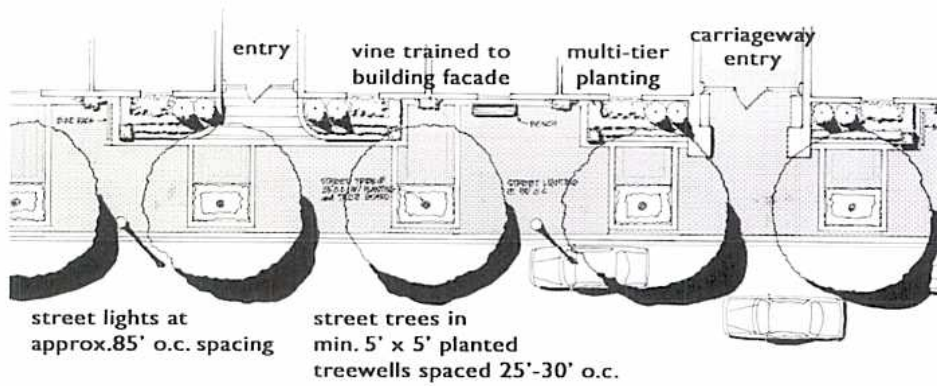
LINE TABLE

| LINE NO. | DESCRIPTION | LENGTH |
|----------|-------------|----------|
| 1 | ASBURY LANE | 1,234.56 |
| 2 | ASBURY LANE | 1,234.56 |
| 3 | ASBURY LANE | 1,234.56 |
| 4 | ASBURY LANE | 1,234.56 |
| 5 | ASBURY LANE | 1,234.56 |



C.3 Local Street: Residential

- Provide 4" min. caliper street tree in a min. 5' x 5' planted tree well. Tree wells should be planted with low evergreen shrubs and ornamental grasses or perennials.
- Provide a multi-tier perimeter planting along building facades allowing insets for bench placement.
- Provide vines trained to the building facades.
- Provide for site furnishings at an appropriate interval of 150' and consisting of: Bench, bike rack and a trash receptacle.



ASBURY CIRCLE

Town of Addison, Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

Budget Summary

| CATEGORY | By Category | By Lot | By Acre |
|---|--------------------|-----------------|------------------|
| EROSION CONTROL | \$40,000 | \$548 | \$4,914 |
| EXCAVATION/RETAINING WALLS | \$108,000 | \$1,479 | \$13,268 |
| WATER | \$212,943 | \$2,917 | \$26,160 |
| SANITARY SEWER | \$96,021 | \$1,315 | \$11,796 |
| STORM SEWER | \$214,000 | \$2,932 | \$26,290 |
| PAVING | \$145,518 | \$1,993 | \$17,877 |
| MISCELLANEOUS ON-SITE IMPROVEMENTS | \$713,000 | \$9,767 | \$87,592 |
| CITY IMPROVEMENTS/REIMBURSEMENT | \$1,000,000 | \$13,699 | \$122,850 |
| CITY, PROFESSIONAL & MISCELLANEOUS FEES | \$515,966 | \$7,068 | \$63,386 |
| SUB-TOTALS | \$3,045,449 | \$41,718 | \$374,134 |
| OVERALL CONTINGENCY (10%) | \$304,545 | \$4,172 | \$37,413 |
| CATEGORY TOTALS | \$3,349,994 | \$45,890 | \$411,547 |

ASSUMPTIONS:

SITE:

- OPINION OF COST BASED ON PLANS DATED 9/25/07
- MAXIMUM CITY REIMBURSEMENT SHALL BE \$1,000,000

EXCLUDES:

- COST FOR TELEPHONE OR CABLE FEES NECESSARY TO PROVIDE SERVICE, IF ANY
- COST FOR ENVIRONMENTAL REPORTS
- COST FOR ROCK EXCAVATION
- COST FOR CITY IMPACT FEES, PRO RATA (IF ANY) & PARK FEES

EXHIBIT B

Master Budget
ASBURY CIRCLE

Town of Addison, Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| MISCELLANEOUS ON-SITE IMPROVEMENTS | | UNIT COST | UNIT | QTY | TOTAL |
|------------------------------------|---|--------------|-------|--------------|----------------------|
| | | (\$) | (-) | (± #) | (\$) |
| MISC. | ELECTRIC & GAS SERVICE | \$ 1,125.00 | LT. | 73 | \$ 82,125.00 |
| | BURY OVERHEAD ELECTRIC | \$ 63,000.00 | LS. | 1 | \$ 63,000.00 |
| | DEMOLITION | \$ 57,500.00 | EA. | 1 | \$ 57,500.00 |
| | ENTRY MONUMENT | \$ 18,000.00 | EA. | 1 | \$ 18,000.00 |
| | SEAT WALL | \$ 75.00 | L.F. | 240 | \$ 18,000.00 |
| | PLANTER POT ON BASE | \$ 2,000.00 | EA. | 6 | \$ 12,000.00 |
| | PLANTER WALL | \$ 75.00 | L.F. | 65 | \$ 4,875.00 |
| | STAMPED AND COLORED CONCRETE | \$ 3.50 | S.F. | 436 | \$ 1,526.00 |
| | 7' CONCRETE WALK | \$ 3.50 | S.F. | 329 | \$ 1,151.50 |
| | 4' CONCRETE WALK | \$ 3.50 | S.F. | 4844 | \$ 16,954.00 |
| | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | S.F. | 7212 | \$ 100,968.00 |
| | BOLLARD | \$ 1,100.00 | EA. | 9 | \$ 9,900.00 |
| | BENCH | \$ 1,800.00 | EA. | 20 | \$ 36,000.00 |
| | EAST PALATKA HOLLY - 65 GALLON | \$ 900.00 | EA. | 7 | \$ 6,300.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 41 | \$ 16,195.00 |
| | SHUMARD RED OAK - 65 GALLON | \$ 410.00 | EA. | 18 | \$ 7,380.00 |
| | CRAPE MYRTLE "NATCHEZ" - 10' HEIGHT | \$ 170.00 | EA. | 25 | \$ 4,250.00 |
| | SOUTHERN MAGNOLIA "LITTLE GERN" - 45 GALLON | \$ 430.00 | EA. | 27 | \$ 11,610.00 |
| | SKYROCKET JUNIPER - 30 GALLON | \$ 340.00 | EA. | 23 | \$ 7,820.00 |
| | FESTIVE HOLLY - 30 GALLON | \$ 340.00 | EA. | 23 | \$ 7,820.00 |
| | "OKLAHOMA" RED BUD - 10' HEIGHT | \$ 195.00 | EA. | 6 | \$ 1,170.00 |
| | SAUCER MAGNOLIA - 10' HEIGHT | \$ 340.00 | EA. | 26 | \$ 8,840.00 |
| | EASTERN RED CEDAR - 10' HEIGHT | \$ 340.00 | EA. | 2 | \$ 680.00 |
| | SEA GREEN JUNIPER - 7 GALLON | \$ 55.00 | EA. | 160 | \$ 8,800.00 |
| | DWARF YAUPON HOLLY - 5 GALLON | \$ 16.00 | EA. | 91 | \$ 1,456.00 |
| | CARISSA HOLLY - 5 GALLON | \$ 16.00 | EA. | 917 | \$ 14,672.00 |
| | GULFSTREAM NANDINA - 5 GALLON | \$ 18.00 | EA. | 109 | \$ 1,962.00 |
| | DWARF INDIAN HAWTHOME "BAY BREEZE" - 5 GAL. | \$ 24.95 | EA. | 74 | \$ 1,846.30 |
| | DWARF INDIAN HAWTHOME "PINKIE" - 5 GALLON | \$ 24.95 | EA. | 78 | \$ 1,946.10 |
| | MAIDENGRASS - 5 GALLON | \$ 16.00 | EA. | 29 | \$ 464.00 |
| | HAMELN GRASS - 3 GALLON | \$ 16.00 | EA. | 46 | \$ 736.00 |
| | ASIAN JASMINE - 1 GALLON | \$ 3.95 | EA. | 3570 | \$ 14,101.50 |
| | SHASTA DAISY - 1 GALLON | \$ 9.50 | EA. | 158 | \$ 1,501.00 |
| | BOSTON IVY - 1 GALLON | \$ 9.50 | EA. | 49 | \$ 465.50 |
| | PURPLE WINTER CREEPER - 1 GALLON | \$ 3.95 | EA. | 1624 | \$ 6,414.80 |
| | SEASONAL COLOR - 4" POT | \$ 0.88 | EA. | 2105 | \$ 1,852.40 |
| | "BIG BLUE" LIRIOPE - 4" POT | \$ 0.99 | EA. | 462 | \$ 457.38 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 1227 | \$ 1,214.73 |
| | STEEL EDGING | \$ 1.70 | L.F. | 2855 | \$ 4,853.50 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 385 | \$ 15,400.00 |
| FERTILIZER | \$ 16,098.78 | L.S. | 1 | \$ 16,098.78 | |
| SOLID SOD BERMUDAGRASS | \$ 1.65 | S.Y. | 11210 | \$ 18,496.50 | |
| IRRIGATION | \$ 64,370.00 | L.S. | 1 | \$ 64,370.00 | |
| LANDSCAPE SALES TAX (8.25%) | \$ 7,042.64 | L.S. | 1 | \$ 7,042.64 | |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 34,784.37 | |
| TOTAL | | | | | \$ 713,000.00 |

NOTE:

1) THE COST FOR PROVIDING GAS AND ELECTRIC SERVICE IS ONLY APPROXIMATE AND IS BASED ON SUITABLE GAS AND ELECTRIC MAINS BEING ADJACENT TO THE SITE. THE FINAL COST ASSOCIATED WITH PROVIDING GAS AND ELECTRIC SERVICE IS SUBJECT TO THE FINAL AGREEMENT/CONTRACT BETWEEN THE FRANCHISE UTILITY COMPANY AND THE DEVELOPER.

Master Budget
ASBURY CIRCLE
 Town of Addison, Dallas County, Texas
 Land Plan: 5.11.2006

Total Lots: **73**
 Prepared: **5.31.06**

Total Acres: **8.14**
 Revised: **03.05.08**

| SANITARY SEWER | UNIT COST | UNIT | QTY | TOTAL |
|--------------------------------------|-------------|------|-------|---------------------|
| | (\$) | (-) | (± #) | (\$) |
| 8" P.V.C. PIPE (0'-10' DEEP) | \$ 20.00 | LF. | 2288 | \$ 45,760.00 |
| 4' DIAMETER MANHOLE (0-8' DEEP) | \$ 2,040.00 | EA. | 6 | \$ 12,240.00 |
| 5' DIAMETER DROP MANHOLE (0-8' DEEP) | \$ 4,660.00 | EA. | 1 | \$ 4,660.00 |
| 5' DROP MANHOLE OVER EXISTING LINE | \$ 5,500.00 | EA. | 0 | \$ - |
| CONNECT TO EXISTING MANHOLE | \$ 870.00 | EA. | 2 | \$ 1,740.00 |
| SINGLE CLEANOUT | \$ 1,165.00 | EA. | 2 | \$ 2,330.00 |
| 4" SERVICE LINES | \$ 315.00 | EA. | 73 | \$ 22,995.00 |
| REMOVE EX. SANITARY UTILITY ITEMS | \$ 1.00 | LS. | 2750 | \$ 2,750.00 |
| TRENCH SAFETY | \$ 1.30 | LF. | 2288 | \$ 2,974.40 |
| TESTING & T.V. INSPECTION | \$ 0.25 | LF. | 2288 | \$ 572.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ - |
| TOTAL | | | | \$ 96,021.40 |

| STORM SEWER | UNIT COST | UNIT | QTY | TOTAL |
|---------------------------------------|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 18" R.C.P. (Reinforced Concrete Pipe) | \$ 30.80 | LF. | 622 | \$ 19,157.60 |
| 21" R.C.P. | \$ 35.80 | LF. | 241 | \$ 8,627.80 |
| 24" R.C.P. | \$ 42.00 | LF. | 109 | \$ 4,578.00 |
| 27" R.C.P. | \$ 46.30 | LF. | 392 | \$ 18,149.60 |
| 30" R.C.P. | \$ 52.40 | LF. | 298 | \$ 15,615.20 |
| 42" R.C.P. | \$ 88.50 | LF. | 191 | \$ 16,903.50 |
| 8" PVC | \$ 16.00 | L.F. | 150 | \$ 2,400.00 |
| 12" PVC | \$ 28.00 | L.F. | 361 | \$ 10,108.00 |
| 8' INLET | \$ 2,150.00 | EA. | 2 | \$ 4,300.00 |
| 10' INLET | \$ 2,305.00 | EA. | 7 | \$ 16,135.00 |
| 12' INLET | \$ 2,510.00 | EA. | 2 | \$ 5,020.00 |
| 3-GRATE COMBINATION INLET | \$ 2,770.00 | EA. | 2 | \$ 5,540.00 |
| 6-GRATE COMBINATION INLET | \$ 4,405.00 | EA. | 1 | \$ 4,405.00 |
| 18" NYOPLAST GRATE INLET | \$ 450.00 | EA. | 14 | \$ 6,300.00 |
| CONNECT TO EXISTING STORM LINE | \$ 2,160.00 | EA. | 3 | \$ 6,480.00 |
| UTILITY BONDS | \$ 8,655.00 | LS. | 1 | \$ 8,655.00 |
| HAUL OFF UTILITY SPOILS | \$ 1.00 | LS. | 35150 | \$ 35,150.00 |
| REMOVE STORM UTILITY ITEMS | \$ 1.00 | LS. | 9226 | \$ 9,226.00 |
| TRENCH SAFETY | \$ 0.20 | LF. | 1738 | \$ 347.60 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 2,651.70 |
| TOTAL | | | | \$ 214,000.00 |

| PAVING | UNIT COST | UNIT | QTY | TOTAL |
|---|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 6" LIME TREATED SUBGRADE | \$ 1.85 | SY. | 3220 | \$ 5,957.00 |
| 6" HYDRATED LIME | \$ 120.00 | TN. | 58 | \$ 6,960.00 |
| 8"-4"-8" REINF. CONCRETE ALLEY PAVEMENT | \$ 33.65 | SY. | 3123 | \$ 105,088.95 |
| DEMO/SAWCUTTING | \$ 1.00 | LS. | 13083 | \$ 13,083.00 |
| TRAFFIC CONTROL (SIGNS, BARRELS & BARRICADES) | \$ 1,500.00 | LS. | 1 | \$ 1,500.00 |
| BONDS | \$ 6,000.00 | LS. | 1 | \$ 6,000.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 6,929.44 |
| TOTAL | | | | \$ 145,518.39 |

Master Budget
ASBURY CIRCLE

Town of Addison, Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| EROSION CONTROL | UNIT COST | UNIT | QTY | TOTAL |
|--|-----------|------|-------|---------------------|
| | (\$) | (-) | (± #) | (\$) |
| PRE-DEVELOPMENT EROSION CONTROL: | | | | |
| SILT FENCE (HIGH FLOW) | \$ 2.00 | LF. | 12500 | \$ 25,000.00 |
| POST DEVELOPMENT EROSION CONTROL: | | | | |
| 4' ROLL OF CURLEX WITH SEED | \$ 1.00 | LF. | 10500 | \$ 10,500.00 |
| DISK & SEED | \$ 325.00 | AC. | 6 | \$ 1,950.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 2,550.00 |
| TOTAL | | | | \$ 40,000.00 |

NOTE:

- 1) THE UNIT COST FOR SEEDING, HYDROMULCH AND CURLEX DOES NOT INCLUDE MONIES FOR WATERING. THE AMOUNT OF WATER AND THE COST FOR WATERING IS DEPENDENT ON THE SEASON AND THE RAINFALL RECEIVED DURING CONSTRUCTION.
- 2) A SEDIMENTATION BASIN IS REQUIRED WHEN 10 ACRES OR MORE OF A SINGLE DRAINAGE BASIN IS DISTURBED.

| EXCAVATION/RETAINING WALLS | UNIT COST | UNIT | QTY | TOTAL |
|----------------------------------|-------------|------|-------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| CLEARING & GRUBBING | \$ 2,715.00 | AC. | 7 | \$ 19,005.00 |
| CONSTRUCTION ENTRANCE | \$ 2,500.00 | EA. | 1 | \$ 2,500.00 |
| STREET & RIGHT-OF-WAY EXCAVATION | \$ 4.67 | CY. | 9637 | \$ 45,004.79 |
| LOT BENCHING | \$ 124.00 | LT. | 73 | \$ 9,052.00 |
| FINAL LOT BENCHING | \$ 124.00 | LT. | 73 | \$ 9,052.00 |
| RETAINING WALLS | \$ - | - | - | \$ 20,223.00 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ 3,163.21 |
| TOTAL | | | | \$ 108,000.00 |

NOTE:

- 1) ALL RETAINING WALL HEIGHTS INCLUDE 1' - 3' OF WALL BELOW GRADE AND A 1' CAP. RETAINING WALLS. THE FINAL COST WILL BE SUBJECT TO THE SCOPE AND QUALITY OF THE MATERIAL USED TO CONSTRUCT PROPOSED RETAINING WALLS.

| WATER | UNIT COST | UNIT | QTY | TOTAL |
|---------------------------------|-------------|------|---------|----------------------|
| | (\$) | (-) | (± #) | (\$) |
| 8" P.V.C. WATERLINE | \$ 16.10 | LF. | 2414 | \$ 38,865.40 |
| 6" GATE VALVE & BOX | \$ 600.00 | EA. | 0 | \$ - |
| 8" GATE VALVE & BOX | \$ 750.00 | EA. | 29 | \$ 21,750.00 |
| 12" GATE VALVE & BOX | \$ 1,300.00 | EA. | 2 | \$ 2,600.00 |
| 12" X 8" TAPPING SLEEVE & VALVE | \$ 1,820.00 | EA. | 3 | \$ 5,460.00 |
| 12" X 6" TAPPING SLEEVE & VALVE | \$ 1,800.00 | EA. | 0 | \$ - |
| CONNECT TO EXISTING WATERLINE | \$ 700.00 | EA. | 1 | \$ 700.00 |
| FIRE HYDRANT ASSEMBLY | \$ 1,965.00 | EA. | 10 | \$ 19,650.00 |
| 1" DOMESTIC SERVICE | \$ 600.00 | EA. | 73 | \$ 43,800.00 |
| 1.5" FIRE SERVICE LINE | \$ 800.00 | EA. | 73 | \$ 58,400.00 |
| 2-4" IRRIGATION SLEEVES | \$ 10.00 | LF. | 400 | \$ 4,000.00 |
| 2" BLOW OFF VALVE | \$ 1,075.00 | LF. | 1 | \$ 1,075.00 |
| 2" IRRIGATION SERVICE | \$ 1,000.00 | EA. | 3 | \$ 3,000.00 |
| MISCELLANEOUS FITTINGS | \$ 2,615.00 | TN. | 3 | \$ 7,845.00 |
| REMOVE EX. WATER UTILITY ITEMS | \$ 1.00 | LS. | 4831.25 | \$ 4,831.25 |
| TESTING & CHLORINATION | \$ 0.40 | LF. | 2416 | \$ 966.40 |
| MISCELLANEOUS ITEMS (5%) | | | | \$ - |
| TOTAL | | | | \$ 212,943.05 |

Master Budget
ASBURY CIRCLE

Town of Addison , Dallas County, Texas

Land Plan: 5.11.2006

Total Lots: 73

Prepared: 5.31.06

Total Acres: 8.14

Revised: 03.05.08

| CITY, PROFESSIONAL & MISCELLANEOUS FEES | | UNIT COST | UNIT | QTY | TOTAL |
|---|----------------------------------|---------------|------|-------|----------------------|
| | | (\$) | (-) | (± #) | (\$) |
| CITY FEES | ZONING FEE | \$ 500.00 | LS. | 1 | \$ 500.00 |
| | PLATTING FEE | \$ 300.00 | LS. | 1 | \$ 300.00 |
| | INSPECTION FEE (3.5%) | \$ 20,044.81 | LS. | 1 | \$ 20,044.81 |
| | PARK FEE | \$ - | LT. | 0 | \$ - |
| | IMPACT FEES | \$ - | | 0 | \$ - |
| PROFESSIONAL FEES | PLANNING & FEASIBILITY | \$ 41,914.00 | LS. | 1 | \$ 41,914.00 |
| | BOUNDARY SURVEY | \$ 5,200.00 | LS. | 1 | \$ 5,200.00 |
| | TREE SURVEY & TOPOGRAPHIC SURVEY | \$ 9,020.00 | LS. | 1 | \$ 9,020.00 |
| | ENVIRONMENTAL PHASE 1 | \$ - | LS. | 0 | \$ - |
| | GEO-TECHNICAL REPORT | \$ 75.00 | LT. | 73 | \$ 5,475.00 |
| | ENGINEERING PLANS | \$ 2,399.00 | LT. | 73 | \$ 175,127.00 |
| | CONSTRUCTION STAKING | \$ 345.00 | LT. | 73 | \$ 25,185.00 |
| | REIMBURSABLES | \$ 8,500.00 | L.S. | 1 | \$ 8,500.00 |
| | MATERIAL TESTING | \$ 400.00 | LT. | 73 | \$ 29,200.00 |
| | FEE DEVELOPMENT | \$ 60,000.00 | EA. | 1 | \$ 60,000.00 |
| MISC. FEES | CLOMR/LOMR FEE | \$ - | LS. | 0 | \$ - |
| | SWPPP ADMINISTRATION | \$ 5,500.00 | LS. | 1 | \$ 5,500.00 |
| | PRINTS & COURIER SERVICE | \$ 5,000.00 | LS. | 1 | \$ 5,000.00 |
| | LEGAL | \$ 10,000.00 | EA. | 1 | \$ 10,000.00 |
| | HOA FEES AND SHORTFALL | \$ 115,000.00 | EA. | 1 | \$ 115,000.00 |
| | (/INTENTIONALLY LEFT BLANK) | \$ - | | 0 | \$ - |
| TOTAL | | | | | \$ 515,965.81 |

Master Budget
ASBURY CIRCLE

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Total Lots: **73**
Prepared: **5.31.06**

Total Acres: **8.14**
Revised: **03.05.08**

| CITY IMPROVEMENTS/REIMBURSEMENT | | UNIT COST | UNIT | QTY | TOTAL |
|--|------------------------------------|--------------|------|-------|----------------------|
| | | (\$) | (-) | (± #) | (\$) |
| PHASE ONE (STREET PAVING RELATED ITEMS) | | | | | |
| PAVING | BURY OVERHEAD ELECTRIC | \$ 28,000.00 | LS. | 1 | \$ 28,000.00 |
| | 6" REINF. CONCRETE STREET PAVEMENT | \$ 33.75 | SY. | 6722 | \$ 226,867.50 |
| | 7" REINF. CONCRETE STREET PAVEMENT | \$ 35.75 | SY. | 1495 | \$ 53,446.25 |
| | 8" REINF. CONCRETE STREET PAVEMENT | \$ 38.85 | SY. | 98 | \$ 3,807.30 |
| | 3" HMAC TIE-IN | \$ 4.50 | S.F. | 1950 | \$ 8,775.00 |
| | LIME TREATED SUBGRADE | \$ 1.85 | SY. | 8900 | \$ 16,465.00 |
| | HYDRATED LIME | \$ 120.00 | TN. | 160 | \$ 19,200.00 |
| | STREET LIGHTS | \$ 3,000.00 | EA. | 23 | \$ 69,000.00 |
| | STREET SIGNS | \$ 300.00 | EA. | 21 | \$ 6,300.00 |
| | FIRE LANE STRIPING | \$ 1.50 | L.F. | 4288 | \$ 6,432.00 |
| | TRAFFIC BUTTONS | \$ 9.00 | EA. | 30 | \$ 270.00 |
| | 24" WIDE THERMOPLASTIC STOP BAR | \$ 2.00 | LF. | 120 | \$ 240.00 |
| | TRAFFIC CONTROL | \$ 1,500.00 | LS. | 1 | \$ 1,500.00 |
| | 4" SLEEVES | \$ 14.25 | LF. | 1892 | \$ 26,961.00 |
| | BONDS | \$ 4,500.00 | EA. | 1 | \$ 4,500.00 |
| | MISCELLANEOUS ITEMS (1%) | | | | \$ 5,235.95 |
| TOTAL | | | | | \$ 477,000.00 |

| PHASE TWO (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|---|--------------------------------------|-------------|------|-------------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 4429 | \$ 62,006.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 13 | \$ 20,787.00 |
| | 4' CONCRETE SIDEWALK | \$ 3.50 | S.F. | 884 | \$ 3,094.00 |
| | 5' CONCRETE SIDEWALK | \$ 3.50 | S.F. | 605 | \$ 2,117.50 |
| | BICYCLE RACK | \$ 800.00 | EA. | 1 | \$ 800.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 1 | \$ 800.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 4 | \$ 1,580.00 |
| | CRAPPE MYRTLE "NATCHEZ" - 10' HEIGHT | \$ 180.00 | EA. | 3 | \$ 540.00 |
| | SEA GREEN JUNIPER - 7 GALLON | \$ 55.00 | EA. | 3 | \$ 165.00 |
| | HAMELN GRASS - 3 GALLON | \$ 16.00 | EA. | 33 | \$ 528.00 |
| | SEASONAL COLOR - 4" POT | \$ 0.99 | EA. | 254 | \$ 251.46 |
| | "BIG BLUE" LIRIOPE - 4" POT | \$ 0.99 | EA. | 157 | \$ 155.43 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 120 | \$ 118.80 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 107 | \$ 181.90 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 63 | \$ 2,520.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 1650 | \$ 412.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 40 | \$ 1,600.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 4 | \$ 60.00 |
| | IRRIGATION | \$ 3,675.00 | L.S. | 1 | \$ 3,675.00 |
| | LANDSCAPE SALES TAX (8.25%) | \$ 801.33 | L.S. | 1 | \$ 801.33 |
| MISCELLANEOUS ITEMS (1%) | | | | \$ 2,000.00 | |
| TOTAL | | | | | \$ 156,000.00 |

Master Budget
ASBURY CIRCLE
 Town of Addison , Dallas County, Texas
 Land Plan: 5.11.2006

Total Lots: **73**
 Prepared: **5.31.06**

Total Acres: **8.14**
 Revised: **03.05.08**

| PHASE THREE (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|---|------------------------------------|-------------|------|-------------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 9775 | \$ 136,850.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 10 | \$ 15,990.00 |
| | BICYCLE RACK | \$ 800.00 | EA. | 4 | \$ 3,200.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 4 | \$ 3,200.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 44 | \$ 17,380.00 |
| | SEASONAL COLOR - 4" POT | \$ 0.99 | EA. | 148 | \$ 146.52 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 1106 | \$ 1,094.94 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 31 | \$ 52.70 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 32 | \$ 1,280.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 750 | \$ 187.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 18 | \$ 720.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 44 | \$ 660.00 |
| | IRRIGATION | \$ 8,000.00 | L.S. | 1 | \$ 8,000.00 |
| | LANDSCAPE SALES TAX (8.25%) | \$ 2,303.54 | L.S. | 1 | \$ 2,303.54 |
| MISCELLANEOUS ITEMS (1%) | | | | \$ 1,934.80 | |
| TOTAL | | | | | \$ 193,000.00 |

| PHASE FOUR (HARDSCAPE AND LANDSCAPE RELATED ITEMS) | | | | | |
|--|------------------------------------|-------------|------|------|----------------------|
| HARDSCAPE AND LANDSCAPE | CLAY PAVERS OVER CONCRETE SUB-SLAB | \$ 14.00 | SF. | 9759 | \$ 136,626.00 |
| | BARRIER FREE RAMPS | \$ 1,599.00 | EA. | 5 | \$ 7,995.00 |
| | BICYCLE RACK | \$ 800.00 | EA. | 2 | \$ 1,600.00 |
| | TRASH RECEPTACLE | \$ 800.00 | EA. | 3 | \$ 2,400.00 |
| | LIVE OAK - 65 GALLON | \$ 395.00 | EA. | 23 | \$ 9,085.00 |
| | MONKEY GRASS - 4" POT | \$ 0.99 | EA. | 690 | \$ 683.10 |
| | SOLID SOD BERMUDAGRASS | \$ 1.70 | S.Y. | 30 | \$ 51.00 |
| | BED PREP & TOP MULCH | \$ 40.00 | C.Y. | 30 | \$ 1,200.00 |
| | SOIL PREPARATION | \$ 0.25 | S.F. | 750 | \$ 187.50 |
| | SOIL MIX | \$ 40.00 | C.Y. | 17 | \$ 680.00 |
| | TREE STAKE KITS | \$ 15.00 | EA. | 23 | \$ 345.00 |
| | IRRIGATION | \$ 8,000.00 | L.S. | 1 | \$ 8,000.00 |
| | LANDSCAPE SALES TAX (8.25%) | \$ 1,339.11 | L.S. | 1 | \$ 1,339.11 |
| | MISCELLANEOUS ITEMS (2%) | | | | \$ 3,808.29 |
| TOTAL | | | | | \$ 174,000.00 |

| | |
|---------------------------------|------------------------|
| TOTAL CITY REIMBURSEMENT | \$ 1,000,000.00 |
|---------------------------------|------------------------|

Council Agenda Item: #R14

SUMMARY:

Consideration and approval to reject bids for roof repairs to the Addison Athletic Club, Theatre Centre and the re-roofing of Surveyor Pump Station.

FINANCIAL IMPACT:

Budgeted Amount: \$155,000.00
Cost: \$162,600.00

BACKGROUND:

As part of the 2008-09 fiscal year facilities maintenance projects, funds were budgeted for the evaluation and possible replacement of the Athletic Club roof, sections of the Theatre Centre roof and the replacement of the Surveyor Pump Station roof. Amtech Roofing Consultants (sub-consultant under Building Solutions) evaluated all three roofs and provided staff with the following recommendations and cost estimates.

- Athletic Club – Roof replacement is not needed at this time and can be deferred for two more years. Minor repairs are needed, cost estimated at \$2,000 - \$3,000.
- Theatre Centre (Areas A, C & L) – Due to the possible restructuring of this site/facility, the evaluation was done in sections. The sections recommended to be replaced now (A, C & L), is estimated at \$60,000.
- Surveyor Pump Station – Roof replacement is needed. Estimated replacement cost \$25,800.

Amtech's estimated cost for all three roofs is \$88,800, and is within staff's budget. Two bids were received; a third bid would have been included however they did not make the bid opening in time as required. The low bid is \$162,600 for the areas recommended. The bidder was contacted and indicated that they were somewhat comfortable with their bid however, it did contain quite a bit of last minute extra costs and that they had not put a lot of time into preparing the bid. The Town has previously used Amtech Building Services, Inc., through Building Solutions, Inc., and independently and have always received quality and accurate services. Amtech has apologized for the higher than anticipated numbers and is recommending that all bids be rejected. They also recommend that they re-specify alternative systems and re-bid the project at no cost to the Town.

RECOMMENDATION:

Staff recommends rejecting all bids and re-bidding the project.

Attachments: Bid Tab

Council Agenda Item: #R15

SUMMARY:

This agenda item is to authorize the City Manager to submit an application package to join the National Flood Insurance Program and adopt the attached resolution of intent to participate in NFIP.

FINANCIAL IMPACT:

There is no cost for the Town to join the National Flood Insurance Program.

BACKGROUND:

On April 8th, Addison staff presented a work session on the details of participating in the National Flood Insurance Program. The National Flood Insurance Program (NFIP) was established with the passage of the National Flood Insurance Act of 1968. The NFIP is a Federal program enabling property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages.

To participate in the NFIP, a community must adopt and enforce floodplain management regulations that meet or exceed the minimum requirements of the Program. To join the Program, the community must submit an application package that includes the following information: Application For Participation in the National Flood Insurance Program (FEMA Form 81-61), Resolution of Intent, and Floodplain Management Regulations.

This agenda item was an item on the April 22nd Council Agenda. Staff had a resolution that was not included in the packet for review that is attached this time for review and approval. Revisions to the Floodplain Management Regulations will be brought to council in the future.

RECOMMENDATION:

Staff recommends approval authorizing the City Manager to submit an application package to the Federal Emergency Management Agency to join the National Flood Insurance Program and adopt a resolution of intent to participate in NFIP.

Council Agenda Item: #R15

SUMMARY:

This agenda item is to authorize the City Manager to submit an application package to join the National Flood Insurance Program and adopt the attached resolution of intent to participate in NFIP.

FINANCIAL IMPACT:

There is no cost for the Town to join the National Flood Insurance Program.

BACKGROUND:

On April 8th, Addison staff presented a work session on the details of participating in the National Flood Insurance Program. The National Flood Insurance Program (NFIP) was established with the passage of the National Flood Insurance Act of 1968. The NFIP is a Federal program enabling property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages.

To participate in the NFIP, a community must adopt and enforce floodplain management regulations that meet or exceed the minimum requirements of the Program. To join the Program, the community must submit an application package that includes the following information: Application For Participation in the National Flood Insurance Program (FEMA Form 81-61), Resolution of Intent, and Floodplain Management Regulations.

This agenda item was an item on the April 22nd Council Agenda. Staff had a resolution that was not included in the packet for review that is attached this time for review and approval. Revisions to the Floodplain Management Regulations will be brought to council in the future.

RECOMMENDATION:

Staff recommends approval authorizing the City Manager to submit an application package to the Federal Emergency Management Agency to join the National Flood Insurance Program and adopt a resolution of intent to participate in NFIP.

TOWN OF ADDISON, TEXAS

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS REGARDING THE CITY'S PARTICIPATION IN THE NATIONAL FLOOD INSURANCE PROGRAM; PROVIDING THAT THE CITY WILL ENACT AND MAINTAIN FLOODPLAIN MANAGEMENT STANDARDS; DESCRIBING CERTAIN AUTHORITY OF THE CITY MANAGER IN CONNECTION WITH THE NATIONAL FLOOD INSURANCE PROGRAM; INTO TAKE CERTAIN; PROVIDING AN EFFECTIVE DATE.

WHEREAS, certain areas of the Town of Addison, Texas (the "City") are subject to periodic flooding, causing serious damages to properties within these areas; and

WHEREAS, under the National Flood Insurance Act of 1968, as amended, residents of the City can purchase Federally subsidized flood insurance if the Town qualifies for, and participates in the National Flood Insurance Program; and

WHEREAS, it is the intent of this City Council to qualify for participation in the National Flood Insurance Program and to require the recognition and evaluation of flood hazards for all proposed developments within the identified floodplains of the City; and

WHEREAS, the City Council of the Town of Addison has the legal authority to adopt and enforce floodplain management criteria to reduce future flood losses pursuant to Subchapter I, Section 16.315 of the Texas Water Code.

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

Section 1. The City will enact (or has already enacted) as necessary, and maintain in force in those areas having flood hazards, adequate floodplain management standards with effective enforcement provisions consistent with the minimum criteria set forth in Section 60.3 of the National Flood Insurance Program Regulations.

Section 2. The City Manager, or the City Manager's official designate, is hereby vested with the responsibility, authority, and means to:

A. Assist the Administrator of the Federal Emergency Management Administration (the "Administrator") at the Administrator's request, in the Administrator's delineation of the limits of the areas having special flood hazards.

B. Provide such information as the Administrator may request concerning present uses and occupancy of the floodplain located within the City.

C. Reasonably cooperate with Federal, State and local agencies and private firms which undertake to study, survey, map, and identify floodplain areas, and as appropriate (as determined by City Council) reasonably cooperate with neighboring political subdivisions with respect to management of adjoining floodplain areas in order to prevent aggravation of existing flood hazards.

D. Submit, as requested by the Administrator, a biennial report to the Administrator on the progress made during the past year within the City in the development and implementation of floodplain management measures.

E. Upon occurrence, notify the Administrator in writing whenever the boundaries of the City have been modified or changed by annexation of new areas or if the City no longer has the authority to enforce floodplain management regulations in a particular area, and include within such notification a copy of a map of the City clearly delineating the new corporate limits or new area for which the City has assumed or has relinquished floodplain management regulatory authority.

Section 3. The City's Director of Public Works is appointed to maintain for public inspection and to furnish upon request, any certificates of flood-proofing, and information on the elevation (in relation to mean sea level) of the level of the lowest habitable floor of all new and substantially improved structures located within the identified floodplain of the Town of Addison. The information should include whether or not such structures contain a basement, the elevation of the basement, and if the structure has been flood-proofed, the elevation to which the structure was flood-proofed.

Section 4. This Resolution shall take effect upon its passage and approval.

PASSED AND APPROVED by the City Council of the Town of Addison, Texas this the _____ day of _____, 2008.

Joe Chow, Mayor

ATTEST:

By: _____
Mario Canizares, City Secretary

APPROVED AS TO FORM:

By: _____
John Hill, City Attorney

Council Agenda Item: #R16

SUMMARY:

This item is for the consideration and approval Change Order No. 1, in the amount of \$38,749.90 and approving final payment to Northstar Construction, Inc. in the amount of \$205,434.17 for the construction of the Addison Airport Taxiway Sierra Pavement Improvements.

FINANCIAL IMPACT:

| Project Budget Item | Project Budget | Actual Amount | Unencumbered Amount |
|----------------------------|-----------------------|----------------------|----------------------------|
| Construction | \$690,000.00 | \$674,341.90* | \$15,658.10 |
| Contractor Incentive | \$ 20,000.00 | \$ 10,000** | \$10,000.00 |
| TOTAL | \$710,000.00 | \$684,341.90 | \$25,658.10 |

*Includes Change Order #1

**Contractor finished the project 10 days early.

BACKGROUND:

This project consisted of complete reconstruction of Taxiway Sierra upgrading the previously failed asphalt surface to a 10” thick concrete pavement. The project also included needed drainage improvements.

Change Order No. 1 merely accounts for quantity adjustments and the addition of 75 LF of drainage pipe to improve drainage at the west end of the taxiway for which the contractor is awarded 4 additional days of contract time. This item also includes award of incentive payment totaling \$10,000 for early completion.

RECOMMENDATION:

Staff recommends approval of Change Order No. 1, in the amount of \$38,749.90 and final payment to Northstar Construction, Inc. in the amount of \$205,434.17 for the construction of the Addison Airport Taxiway Sierra Pavement Improvements.

RECOMMENDATION:

Change Order No. 1
Final Pay Request

Addison!

TOWN OF ADDISON CHANGE ORDER FORM

| | |
|--|--------------|
| Original Contract Amount | \$635,592.00 |
| Total Contract Amount (Including Previous Change Orders) | \$635,592.00 |
| Amount of this Change Order | \$38,749.90 |
| Revised Contract Amount | \$674,341.90 |
| Total % Increase/Decrease (Including Previous Change Orders) | 6.10% |

E. EFFECT OF CHANGE ON CONTRACT TIME

The work required under this change will add the following time to the contract:

| | |
|--|-----|
| Original Contract Time (in days) | 120 |
| Total Contract Time Including Previous Change Orders (in days) | 120 |
| Increase/Decrease in Time from this Change Order (in days) | 4 |
| Revised Contract Time (in days) | 124 |

F. AGREEMENT

By the signatures below, duly authorized agent of the Town of Addison, TX and Northstar Construction Inc. do hereby agree to append this Change Order Number One (1) to the original contract between themselves, dated December 7, 2007

Northstar Construction, Inc.
3210 Joyce Drive
Fort Worth, TX 76116
Phone: (214) 466-8340
Fax: (214) 466-8352


Mike Hiemlich, P.E., Northstar Construction


Aaron Russell, P.E., Project Manager

Mark Acevedo, General Services Director

Nancy Clime, P.E., Director of Public Works

Randy Moravec, Director of Finance

Chris Terry, Assistant City Manager

Copies: Contractor (2)
Department
City Secretary
Strategic Services Manager

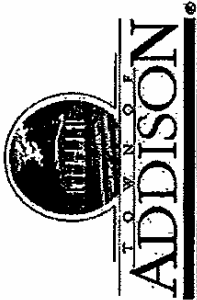
Council Agenda: Agenda Date 5/13/08
(if applicable) Item No.
Approved

Application and Certificate For Payment

To Owner:
Town of Addison
16801 Westgrove Dr.
Addison, Texas 75001-9010

From
(Contractor):
Northstar Construction, Inc.
3210 Joyce Drive
Fort Worth, TX 76116

Phone: 817-244-8888



Project: TAXIWAY SIERRA Application No.: FINAL

Contract Start: 1/7/2008 Period to: _____

Calendar Days: 124 (incl any by change order) Date: 5/6/2008

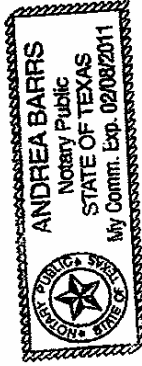
Contract Close: 5/10/2008 P.O. Number: _____

Contractor's Application For Payment Change Order Summary

| Number | Description | Date Appraised | Time Change | Additions | Deductions |
|------------------------------------|--------------------------------|-------------------|----------------|-----------|-------------|
| #1 | West end drainage Improvements | 5/15/2008 | 4 | | |
| #2 | | | | | |
| #3 | | | | | |
| #4 | | | | | |
| #5 | | | | | |
| #6 | | | | | |
| Totals | | | 4 | \$ - | \$ - |
| Net change by Change orders | | | | | 0.00 |

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

Contractor: Northstar Construction, Inc.
By: Michael A. Heimlich
State of: TEXAS



Date: May 6, 2008
County of: TARRANT

Subscribed and Sworn before me on this 6th day of May, 2008
Notary Public: Andrew Pardo
My Commission Expires: 02-08-2011

Engineer's Certificate For Payment
In accordance with the Contract Documents, based on on-site observations and the data comprising the above application the Engineer certifies to the Owner that to the best of the Engineer's knowledge, information and belief the work has progressed as indicated, the quality of the work is in accordance with the Contract Documents, and the Contractor is entitled to payment to the Amount Certified.

Amount Certified: \$ 205,434.17

Engineer: [Signature]
By: [Signature]
Date: MAY 6/2008

This Certification is not negotiable. The Amount Certified is payable only to the contractor named herein issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

Original contract sum: \$635,592.00

Net change by change orders & Incentive \$48,749.90

Contract sum to date \$684,341.90

Materials on Hand \$0.00

Total Completed and stored to date \$684,341.90

5.0% Retainage \$0.00

Total earned less retainage \$684,341.90

Less previous certificates of payments \$478,907.73

Current payment due \$205,434.17

Balance to finish, including retainage \$0.00

Council Agenda Item: #R17

SUMMARY:

This item is for consideration and approval of Change Order No. 4, in the amount of \$33,879.52, for various items and approving final payment to JRJ Paving, L.P. in the amount of \$848,106.90 for the Paving and Drainage Improvements to Addison Road.

FINANCIAL IMPACT:

| | |
|-----------------------------|---------------------------------------|
| Original Contract Amount: | \$2,076,920.33 |
| Change Order No. 1: | \$ 6,386.98 |
| Change Order No. 2: | \$ 61,242.60 (Approved July 10, 2007) |
| Change Order No. 3: | \$ 37,949.45 (Approved Nov. 27, 2007) |
| Proposed Change Order No. 4 | \$ 33,879.52 |
| <hr/> | |
| Total Contract Amount | \$2,216,378.88 |

Source of Funds:

\$2,500,000 was funded for Addison Road improvements from General Obligation Bonds. From this amount, \$1,494,000 was established for Construction. Additionally, Dallas County has agreed to reimburse the Town of Addison for 50% of the construction cost for items considered essential infrastructure or \$846,734.58 including the original contract and Change Orders #1, #2, and #3. Dallas County will also reimburse the Town at the same rate for all Change Order items considered essential infrastructure. The total contribution from Dallas County must not exceed \$1,389,465.

BACKGROUND:

Change Order No. 4 includes several items, most of which address three primary issues. Item No. of the change order adds a modified curb inlet replacing the planned concrete headwall in front of the Outback sign. This change improves the aesthetics of the area eliminating a 4 ft. deep depression where the headwall would have been. The change order also compensates the contractor for supplying extra street light poles, eliminating the installation cost for those that weren't installed. The third major item included in this change order eliminates the concrete retaining wall in front of the Minol Center. The wall became unnecessary when the sidewalk was removed from the contract in order to preserve the existing trees in the area. The fourth major item is the rectification of all bid quantities, making the total amount paid equal to the final contract price.

In addition to the contract amount changes, Change Order No. 4 adds 115 calendar days to the contract time. According to the contract, the project must be complete including all punch list items prior to the contract end date. One primary issue, street light and electrical cabinet delivery, significantly impacted the completion schedule of this project. When design of the project was nearing completion, staff was researching ways to reduce costs. One opportunity for savings was maximizing the competition for the street light bid items. The light design that the Town had selected could only be made by one supplier. So, based upon the recommendation of our lighting consultant at the time, staff approved another supplier to provide the light specified. JRJ Paving used the alternate supplier when preparing their bid. The contract was subsequently

awarded to JRJ Paving and the materials submittals process began. The submittals turned in by this supplier did not meet the specifications and staff continued to work with the contractor and the supplier to achieve a product that satisfied all specification requirements. During that time period, the original supplier threatened suit for copying the street light design without permission to do so. This delayed submittal approval and consequently the ordering of street lights and equipment for several months. Ultimately, JRJ Paving was forced to use the original supplier in order to keep the project moving forward.

In addition, staff found that the street lights on the east side of Addison Road as designed were going to be too tall to fit underneath the existing power lines. The lighting system had been designed with the understanding that the power lines would be relocated. This necessitated a redesign of the lighting system and consequently placed the ordered street lights on hold. The redesign began September 20, 2007 and was completed October 24, 2007. A Change Order reflecting the design change was executed November 28, 2007. Staff received the revised submittals January 15, 2008 and completed their review January 18, 2008 resuming the construction of the street lights and allowing the contractor to order the modified electrical service cabinet. All electrical equipment arrived on site and was installed the week of April 21, 2008. Oncor electric completed the meter installation and energized the system May 1, 2008. Staff performed a final inspection of the project May 2, 2008 generating a punch list that is expected to be complete May 9, 2008.

The contract documents require that all construction including the completion of all punch list items are complete within the contract time. Because of the issues described above regarding the lighting system, staff feels that the entirety of the project could not be completed until May 9, 2008. The contractor has been responsive through the process and finished the project at the earliest possible date given the project challenges that were out of their control.

RECOMMENDATION:

Staff recommends approval of Change Order No. 4, in the amount of \$33,879.52, for various items and approving final payment to JRJ Paving, L.P. in the amount of \$848,106.90 for the Paving and Drainage Improvements to Addison Road.

ATTACHMENTS:

Change Order No. 4
Final Pay Request

Addison!

TOWN OF ADDISON CHANGE ORDER FORM

| | |
|---------------------|----------------------------|
| Change Order Number | Four (4) |
| Project Name | Addison Rd. Widening Ph. I |
| Project Number (s) | 2005-04-14 |
| Project Manager | Aaron Russell, P.E. |
| Date | May 7, 2008 |

A. INTENT OF CHANGE ORDER

Increase contract amount to account for additional costs associated with design changes.

B. DESCRIPTION OF CHANGE

Various items, reference itemized list.

C. REASON FOR CHANGE

Account for additional costs associated with design change.

D. EFFECT OF CHANGE ON CONTRACT PRICE

This change order will have the following effect on the cost of this project:

| Item No. | Description | Quantity | Unit | Unit Price | Total |
|------------------|--|----------|------|-------------|--------------|
| ADDITIONS | | | | | |
| 1 | Install 16' inlet | 1 | EA | \$ 8,641.88 | \$ 8,641.88 |
| 2 | Water Service Meter Vault | 1 | LS | \$ 6,000.00 | \$ 6,000.00 |
| 3 | Hot Tape Thermoplastic Turn Arrows | 10 | EA | \$ 275.00 | \$ 2,750.00 |
| 4 | Mel's Electric Time & Materials | 1 | LS | \$ 3,000.00 | \$ 3,000.00 |
| 5 | Dwarf Loropetalum (3-Gallon) | 75 | EA | \$ 29.12 | \$ 2,184.00 |
| 6 | Dwarf Buford Holly (3-Gallon) | 24 | EA | \$ 36.87 | \$ 884.88 |
| 7 | Dwarf Wax Myrtle (3-Gallon) | 11 | EA | \$ 35.21 | \$ 387.31 |
| 8 | Crape Myrtle | 1 | EA | \$ 262.32 | \$ 262.32 |
| 9 | 120 Gal. High Rise Live Oaks | 19 | EA | \$1,307.00 | \$ 24,833.00 |
| 10 | 4" acrylic reflective white & red | 24 | EA | \$3.03 | \$ 72.72 |
| 11 | 8" White ceramic square jiggle bars one refl | 39 | EA | \$13.75 | \$ 536.25 |
| 12 | Big Blue Liriope (1-Gallon) | 100 | EA | \$5.23 | \$ 523.00 |
| 13 | Salvia Greggii (3-Gallon) | 75 | EA | \$24.20 | \$ 1,815.00 |
| 14 | Street Light SA (Materials Only) | 12 | EA | \$8,092.00 | \$ 97,104.00 |
| 15 | Street Light SB (Materials Only) | 1 | EA | \$4,663.00 | \$ 4,663.00 |
| 16 | Street Light SB (Late Order) | 1 | EA | \$5,496.00 | \$ 5,496.00 |

ADDITIONS SUBTOTAL \$159,153.36

DEDUCTIONS

| | | | | | |
|----|-------------------------------------|-----|------|-------------|--------------|
| 15 | Reinforced Concrete Headwall CH-11A | 4 | CY | \$ 623.70 | \$ 2,494.80 |
| 16 | Thermoplastic Turn Arrows | 10 | EA | \$ 99.00 | \$ 990.00 |
| 17 | Electrical Service Credit | 1 | LS | \$ 2,100.00 | \$ 2,100.00 |
| 18 | High Rise Live Oaks | 36 | EA | \$ 704.00 | \$ 25,344.00 |
| 19 | Loropetalum Bush (5-Gallon) | 27 | EA | \$ 15.40 | \$ 415.80 |
| 20 | Furnishing Reinf. Conc. Ret. Wall | 35 | CY | \$ 483.00 | \$ 16,905.00 |
| 21 | Mulch Reimbursement | 810 | BAGS | \$ 1.66 | \$ 1,344.60 |
| 22 | Rectify Quantities | 1 | LS | \$75,679.64 | \$ 75,679.64 |

DEDUCTIONS SUBTOTAL \$125,273.84

CHANGE ORDER TOTAL \$33,879.52

Addison!

TOWN OF ADDISON CHANGE ORDER FORM

| | |
|--|-----------------------|
| Original Contract Amount | \$2,076,920.33 |
| Total Contract Amount (Including Previous Change Orders) | \$2,182,499.36 |
| Amount of this Change Order | \$33,879.52 |
| Revised Contract Amount | \$2,216,378.88 |
| Total % Increase/Decrease (Including Previous Change Orders) | 6.71% |

E. EFFECT OF CHANGE ON CONTRACT TIME

The work required under this change will add the following time to the contract:

| | |
|--|------------|
| Original Contract Time (in days) | 304 |
| Total Contract Time Including Previous Change Orders (in days) | 335 |
| Increase/Decrease in Time from this Change Order (in days) | 115 |
| Revised Contract Time (in days) | 450 |

F. AGREEMENT

By the signatures below, duly authorized agent of the Town of Addison, TX and do hereby agree to append this Change Order Number themselves, dated **February 19, 2007**

JRJ Paving, L.P.

Four (4) to the original contract between

JRJ Paving, L.P.
2277 N. Masch Branch Road
Denton, TX 76207
Phone: (214) 466-8340
Fax: (214) 466-8352

Marty Murphy, JRJ Paving

N/A

John Birkhoff, P.E., Design Engineer

A. Russell

Arfon Russell, P.E., Project Manager

Nancy Cline, P.E., Director of Public Works

Randy Moravec, Director of Finance

Chris Terry, Assistant City Manager

Copies: Contractor (2)
Department
City Secretary
Strategic Services Manager

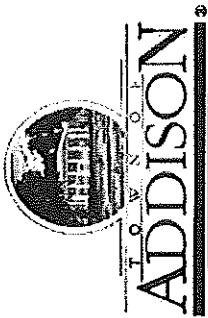
Council Agenda: Agenda Date Nov. 27, 2007
(if applicable) Item No. _____
Approved _____

Application and Certificate For Payment

To Owner:
Town of Addison
16801 Westgrove Dr.
Addison, Texas 75001-9010

From (Contractor):
JRJ Paving, L.P.
2277 N. Masch Branch Road
Denton, TX 76207

Phone: 940-320-6340



Project: Addison Rd. Reconstruction
Application No.: FINAL

Contract Start: 2/15/2007
Period to:

Calendar Days: 450 (incl any by change order)
Date: 5/7/2008

Contract Close: 5/10/2008
P.O. Number:

Contractor's Application For Payment Change Order Summary

| Number | Description | Date Approved | Time Change | Additions | Deductions |
|------------------------------------|---------------|---------------|-------------|-------------------|------------|
| #1 | Various Items | | -12 | \$6,386.98 | |
| #2 | Various Items | | 0 | \$61,242.60 | |
| #3 | Various Items | | 43 | \$37,949.45 | |
| #4 | Various Items | | 115 | \$33,879.52 | |
| #5 | | | | | |
| #6 | | | | | |
| Totals | | | 146 | \$139,458.55 | \$ - |
| Net change by Change orders | | | | 139,458.55 | |

The undersigned Contractor certifies that to the best of the Contractor's knowledge, information, and belief the work covered by this Application for Payment has been completed in accordance with the Contract Documents, that all amounts have been paid by the Contractor for work for which previous Certificates for Payment were issued and payments received from the Owner, and that current payment shown herein is now due.

Contractor: JRJ Paving, L.P.
By: *[Signature]*
Date: 5/7/08
County of: Denton

Subscribed and Sworn before me on this 07th day of May, 2008
Notary Public: *[Signature]* Russella Blase
My Commission Expires: 4/18/2009
STATE OF TEXAS
My Comm. Exp. April 8, 2009

Engineer's Certificate for Payment
In accordance with the Contract Documents, based on on-site observations and the data comprising the above application the Engineer certifies to the Owner that to the best of the Engineer's knowledge, information and belief the work has progressed as indicated, the quality of the work is in accordance with the Contract Documents, and the Contractor is entitled to payment to the Amount Certified.

Amount Certified: \$ 848,106.90

Engineer: *[Signature]*
By: *[Signature]*
Date: MAY 9, 2008

This Certificate is not negotiable. The Amount Certified is payable only to the contractor named herein, issuance, payment and acceptance of payment are without prejudice to any rights of the Owner or Contractor under this Contract.

| | |
|--|----------------|
| Original contract sum: | \$2,076,920.33 |
| Net change by change orders | \$139,458.55 |
| Contract sum to date | \$2,216,378.87 |
| Materials on Hand | \$0.00 |
| Total Completed and stored to date | \$2,216,378.87 |
| 5.0% Retainage | \$0.00 |
| Total earned less retainage | \$2,216,378.87 |
| Less previous certificates of payments | \$1,368,271.98 |

Current payment due \$848,106.90
Balance to finish, including retainage \$0.00



Construction Accounting

DATE: May 7, 2008
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction
 JRJ Paving, L.P.
 22777 N. Masch Branch Road
 Denton, TX 76207

| ITEM | DESCRIPTION | EST QTY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | TO DATE AMOUNT | % COMPLETE |
|------|---|---------|------|----------------|----------------|-------------------|-----------------|----------------------|--------------------|------------------|----------------|------------|
| 1 | For Mobilization (not to exceed 5% of bid amount) | 1 | L.S. | \$78,819.00 \$ | 78,819.00 | 1.00 | \$78,819.00 | 0.00 | \$0.00 | 1.00 | \$78,819.00 | 100.0% |
| 2 | For Barcodes, Signs, and Traffic Handling | 10 | Mb. | \$3,037.00 \$ | 30,370.00 | 10.00 | \$30,370.00 | 0.00 | \$0.00 | 10.00 | \$30,370.00 | 100.0% |
| 3 | For Preparation Right-of-Way | 15.4 | Sq. | \$1,335.39 \$ | 20,565.01 | 15.40 | \$20,565.01 | 0.00 | \$0.00 | 15.40 | \$20,565.01 | 100.0% |
| 4 | For Undersified Street Excavation | 5400 | C.Y. | \$10.01 \$ | \$54,054.00 | 5400.00 | \$54,054.00 | 0.00 | \$0.00 | 5400.00 | \$54,054.00 | 100.0% |
| 5 | For Relocating Existing Fire Hydrant | 3 | Ea. | \$1,281.50 \$ | 3,874.50 | 3.00 | \$3,874.50 | 0.00 | \$0.00 | 3.00 | \$3,874.50 | 100.0% |
| 6 | For Relocating Existing Manhole, including Temporary | 5 | Ea. | \$200.00 \$ | 1,000.00 | 0.00 | \$0.00 | 5.00 | \$1,000.00 | 5.00 | \$1,000.00 | 100.0% |
| 7 | For Relocating Existing Sign | 8 | Ea. | \$250.00 \$ | 2,000.00 | 0.00 | \$0.00 | 8.00 | \$2,000.00 | 8.00 | \$2,000.00 | 100.0% |
| 8 | For Removal and Disposal of Existing Storm Sewer Pipe | 370 | L.F. | \$12.60 \$ | 4,662.00 | 370.00 | \$4,662.00 | 0.00 | \$0.00 | 370.00 | \$4,662.00 | 100.0% |
| 9 | For Removal and Disposal of Existing 6-Inch Sanitary | 52 | L.F. | \$45.15 \$ | 2,347.80 | 52.00 | \$2,347.80 | 0.00 | \$0.00 | 52.00 | \$2,347.80 | 100.0% |
| 10 | For Removal and Disposal of Existing Trees (3-Inch Thru | 16 | Ea. | \$412.08 \$ | 6,593.28 | 14.00 | \$5,796.12 | 2.00 | \$824.16 | 16.00 | \$6,593.28 | 100.0% |
| 11 | 12-Inch in Diameter), including Root Structure | 5 | Ea. | \$842.20 \$ | 4,211.00 | 5.00 | \$4,211.00 | 0.00 | \$0.00 | 5.00 | \$4,211.00 | 100.0% |
| 12 | For Removal and Disposal of Existing Trees (Greater | 2 | Ea. | \$940.00 \$ | 1,880.00 | 2.00 | \$1,880.00 | 0.00 | \$0.00 | 2.00 | \$1,880.00 | 100.0% |
| 13 | Than 12-Inch in Diameter), including Root Structure | 4 | Ea. | \$840.00 \$ | 3,360.00 | 4.00 | \$3,360.00 | 0.00 | \$0.00 | 4.00 | \$3,360.00 | 100.0% |
| 14 | For Removal and Disposal of Standard and Recessed | 200 | L.F. | \$3.30 \$ | 660.00 | 200.00 | \$660.00 | 0.00 | \$0.00 | 200.00 | \$660.00 | 100.0% |
| 15 | Inlets | 985 | L.F. | \$4.85 \$ | 4,787.25 | 985.00 | \$3,792.25 | 0.00 | \$0.00 | 985.00 | \$3,792.25 | 100.0% |
| 16 | For Full Depth Asphalt Sawcut | 10 | Ea. | \$420.00 \$ | 4,200.00 | 10.00 | \$4,200.00 | 0.00 | \$0.00 | 10.00 | \$4,200.00 | 100.0% |
| 17 | For Full Depth Concrete Sawcut | 2 | Ea. | \$273.00 \$ | 546.00 | 2.00 | \$546.00 | 0.00 | \$0.00 | 2.00 | \$546.00 | 100.0% |
| 18 | For Adjusting Existing Manhole, Ring, and Cover | 20 | Ea. | \$2,037.00 \$ | 40,740.00 | 22.00 | \$44,814.00 | -2.00 | (\$4,074.00) | 20.00 | \$40,740.00 | 100.0% |
| 19 | For Adjusting Existing Sanitary Sewer Cleanout | 20 | Ea. | \$761.25 \$ | 15,225.00 | 0.00 | \$0.00 | 20.00 | \$15,225.00 | 20.00 | \$15,225.00 | 100.0% |
| 20 | For Furnishing and Installing Water Service Lines from | 3 | Ea. | \$1,254.80 \$ | 3,764.40 | 0.00 | \$0.00 | 3.00 | \$3,764.40 | 3.00 | \$3,764.40 | 100.0% |
| 21 | Water Main to Meter, including New | 9460 | S.Y. | \$48.81 \$ | 461,742.60 | 9460.00 | \$461,742.60 | 0.00 | \$0.00 | 9460.00 | \$461,742.60 | 100.0% |
| 22 | For Adjusting Existing Water Vault Top (Approximately | 1150 | S.Y. | \$104.66 \$ | 120,362.00 | 1071.00 | \$112,112.28 | 79.00 | \$8,269.72 | 1150.00 | \$120,362.00 | 100.0% |
| 23 | 5-foot x 8-foot) | 1300 | S.Y. | \$53.30 \$ | 69,290.00 | 1300.00 | \$69,290.00 | 0.00 | \$0.00 | 1300.00 | \$69,290.00 | 100.0% |
| 24 | For Furnishing and Paving 10-Inch Reinforced Concrete | 30 | S.Y. | \$59.85 \$ | 1,795.50 | 30.00 | \$1,795.50 | 0.00 | \$0.00 | 30.00 | \$1,795.50 | 100.0% |
| 25 | Pavement (4,000 psi) | 1030 | S.Y. | \$40.05 \$ | 42,052.50 | 114.00 | \$4,565.70 | 936.00 | \$37,486.80 | 1050.00 | \$42,052.50 | 100.0% |
| 26 | For Furnishing and Paving 10-Inch Reinforced | 70 | Ton | \$183.13 \$ | 12,819.10 | 70.00 | \$12,819.10 | 0.00 | \$0.00 | 70.00 | \$12,819.10 | 100.0% |
| 27 | Stamped/Dyed Concrete Pavement (4,000 psi) | 2450 | C.Y. | \$52.21 \$ | 127,914.50 | 2450.00 | \$127,914.50 | 0.00 | \$0.00 | 2450.00 | \$127,914.50 | 100.0% |
| 28 | For Furnishing, Paving and Compacting Flexible Base | 3155 | L.F. | \$3.00 \$ | 9,465.00 | 3155.00 | \$9,465.00 | 0.00 | \$0.00 | 3155.00 | \$9,465.00 | 100.0% |
| 29 | Material | 60 | L.F. | \$50.00 \$ | 3,000.00 | 78.00 | \$3,900.00 | -18.00 | (\$900.00) | 60.00 | \$3,000.00 | 100.0% |
| 30 | For Furnishing and Paving 6-Inch Reinforced Monolithic | 195 | S.Y. | \$119.23 \$ | 23,249.85 | 195.00 | \$23,249.85 | 0.00 | \$0.00 | 195.00 | \$23,249.85 | 100.0% |
| 31 | Concrete Curb | 58 | L.F. | \$20.00 \$ | 1,160.00 | 58.00 | \$1,160.00 | 0.00 | \$0.00 | 58.00 | \$1,160.00 | 100.0% |
| 32 | Concrete Curb and Gutter | 4 | C.Y. | \$523.70 \$ | 2,494.80 | 4.00 | \$2,494.80 | 0.00 | \$0.00 | 4.00 | \$2,494.80 | 100.0% |
| 33 | Barrier-Free Ramps | 2 | Ea. | \$2,625.00 \$ | 5,250.00 | 2.00 | \$5,250.00 | 0.00 | \$0.00 | 2.00 | \$5,250.00 | 100.0% |
| 34 | For Furnishing and Paving Reinforced Concrete Street | 4 | Ea. | \$2,497.00 \$ | 9,988.00 | 4.00 | \$9,988.00 | 0.00 | \$0.00 | 4.00 | \$9,988.00 | 100.0% |
| 35 | Header | 7 | Ea. | \$2,660.00 \$ | 18,620.00 | 7.00 | \$18,620.00 | 0.00 | \$0.00 | 7.00 | \$18,620.00 | 100.0% |
| 36 | For Furnishing and Constructing Reinforced Concrete | 1 | Ea. | \$2,969.00 \$ | 2,969.00 | 1.00 | \$2,969.00 | 0.00 | \$0.00 | 1.00 | \$2,969.00 | 100.0% |
| 37 | For Furnishing and Constructing Reinforced Concrete Storm | 1 | Ea. | \$5,916.00 \$ | 5,916.00 | 1.00 | \$5,916.00 | 0.00 | \$0.00 | 1.00 | \$5,916.00 | 100.0% |



Construction Accounting

DATE: May 7, 2008
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction
 JRJ Paving, L.P.
 22777 N. Masch Branch Road
 Denton, TX 76207

| ITEM | DESCRIPTION | EST QTY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | TO DATE AMOUNT | % DOLLARS COMPLETE |
|------|--|---------|------|---------------|----------------|-------------------|-----------------|----------------------|--------------------|------------------|----------------|--------------------|
| 38 | For Furnishing and Installing Reinforced Concrete Pipe Class III-18-Inch | 446 | L.F. | \$58.80 \$ | 26,224.80 | 538.86 | \$31,587.37 | -90.86 | (\$5,362.57) | 446.00 | \$26,224.80 | 100.0% |
| 39 | For Furnishing and Installing Reinforced Concrete Pipe Class III-21-Inch | 105 | L.F. | \$85.95 \$ | 9,028.25 | 102.00 | \$8,714.70 | 3.00 | \$313.55 | 105.00 | \$9,028.25 | 100.0% |
| 40 | For Furnishing and Installing Reinforced Concrete Pipe Class III-24-Inch | 160 | L.F. | \$55.10 \$ | 8,816.00 | 147.59 | \$8,218.11 | 12.41 | \$597.89 | 160.00 | \$8,816.00 | 100.0% |
| 41 | For Furnishing and Installing Reinforced Concrete Pipe Class III-30-Inch | 0 | L.F. | \$81.90 \$ | - | 0.00 | \$0.00 | 0.00 | \$0.00 | 0.00 | \$0.00 | #DIV/0! |
| 42 | For Furnishing and Installing Reinforced Concrete Pipe Class III-33-Inch | 100 | L.F. | \$97.65 \$ | 9,765.00 | 273.00 | \$26,658.45 | 27.00 | \$2,636.55 | 300.00 | \$29,295.00 | 100.0% |
| 43 | For Furnishing and Installing Reinforced Concrete Pipe Class III-36-Inch | 203 | L.F. | \$112.35 \$ | 22,807.05 | 162.00 | \$18,200.70 | 41.00 | \$4,606.35 | 203.00 | \$22,807.05 | 100.0% |
| 44 | For Furnishing and Installing Reinforced Concrete Pipe Class III-48-Inch | 55 | L.F. | \$158.55 \$ | 8,720.25 | 54.00 | \$8,581.70 | 1.00 | \$138.55 | 55.00 | \$8,720.25 | 100.0% |
| 45 | For Furnishing and Installing Reinforced Concrete Pipe Class III-51-Inch | 95 | L.F. | \$190.05 \$ | 18,054.75 | 90.00 | \$17,104.50 | 5.00 | \$950.25 | 95.00 | \$18,054.75 | 100.0% |
| 46 | For Furnishing and Installing Reinforced Concrete Pipe Tee Connection | 2 | Ea. | \$1,067.90 \$ | 2,135.80 | 2.00 | \$2,135.80 | 0.00 | \$0.00 | 2.00 | \$2,135.80 | 100.0% |
| 47 | For Furnishing and Installing Reinforced Concrete Pipe Wye Connection | 9 | Ea. | \$854.70 \$ | 7,692.30 | 10.00 | \$8,547.00 | -1.00 | (\$854.70) | 9.00 | \$7,692.30 | 100.0% |
| 48 | For Connecting Proposed 24-Inch Pipe to Existing Storm Sewer Manhole | 1 | Ea. | \$2,205.00 \$ | 2,205.00 | 1.00 | \$2,205.00 | 0.00 | \$0.00 | 1.00 | \$2,205.00 | 100.0% |
| 49 | For Connecting Proposed Pipe to Existing 18-Inch Storm Sewer Pipe | 3 | Ea. | \$577.50 \$ | 1,732.50 | 3.00 | \$1,732.50 | 0.00 | \$0.00 | 3.00 | \$1,732.50 | 100.0% |
| 50 | For Connecting Proposed Pipe to Existing 30-Inch Storm Sewer Pipe | 2 | Ea. | \$677.50 \$ | 1,355.00 | 2.00 | \$1,355.00 | 0.00 | \$0.00 | 2.00 | \$1,355.00 | 100.0% |
| 51 | For Connecting Proposed Pipe to Existing 42-Inch Storm Sewer Pipe | 2 | Ea. | \$682.50 \$ | 1,365.00 | 2.00 | \$1,365.00 | 0.00 | \$0.00 | 2.00 | \$1,365.00 | 100.0% |
| 52 | For Connecting Proposed Pipe to Existing 48-Inch Storm Sewer Pipe | 4 | Ea. | \$787.50 \$ | 3,150.00 | 4.00 | \$3,150.00 | 0.00 | \$0.00 | 4.00 | \$3,150.00 | 100.0% |
| 53 | For Connecting Proposed Pipe to Existing 60-Inch Storm Sewer Pipe | 1 | Ea. | \$1,155.00 \$ | 1,155.00 | 1.00 | \$1,155.00 | 0.00 | \$0.00 | 1.00 | \$1,155.00 | 100.0% |
| 54 | For Connecting Existing 60-Inch Storm Sewer Pipe to Proposed Storm Sewer Manhole | 1 | Ea. | \$2,205.00 \$ | 2,205.00 | 1.00 | \$2,205.00 | 0.00 | \$0.00 | 1.00 | \$2,205.00 | 100.0% |
| 55 | For Plugging Existing 18-Inch Storm Sewer Pipe | 4 | Ea. | \$430.50 \$ | 1,722.00 | 4.00 | \$1,722.00 | 0.00 | \$0.00 | 4.00 | \$1,722.00 | 100.0% |
| 56 | For Plugging Existing 30-Inch Storm Sewer Pipe | 1 | Ea. | \$430.50 \$ | 430.50 | 0.00 | \$0.00 | 1.00 | \$430.50 | 1.00 | \$430.50 | 100.0% |
| 57 | For Furnishing and Installing 8-Inch PVC Sanitary Sewer by Open Cut with Embodiment (Station 8+15) | 28 | L.F. | \$128.00 \$ | 3,584.00 | 22.00 | \$2,772.00 | 6.00 | \$756.00 | 28.00 | \$3,528.00 | 100.0% |
| 58 | For Furnishing and Installing 6-Inch PVC Sanitary Sewer by Open Cut with Embodiment (Station 9+03) | 20 | L.F. | \$128.00 \$ | 2,560.00 | 20.00 | \$2,520.00 | 0.00 | \$0.00 | 20.00 | \$2,520.00 | 100.0% |
| 59 | For Furnishing, Installing and Connecting Sanitary Sewer Service Line, including 2-Way Cleanouts | 6 | Ea. | \$861.00 \$ | 5,166.00 | 6.00 | \$5,166.00 | 0.00 | \$0.00 | 6.00 | \$5,166.00 | 100.0% |
| 60 | Furnish and Install 4-Inch SDR35 PVC Pipe with Two-Way Cleanout (Station 1+93) | 46 | L.F. | \$201.60 \$ | 9,273.60 | 5.00 | \$1,008.00 | 41.00 | \$8,265.60 | 46.00 | \$9,273.60 | 100.0% |
| 61 | For Constructing 4-Foot Diameter Standard Sanitary Sewer Manhole | 2 | Ea. | \$2,520.00 \$ | 5,040.00 | 2.00 | \$5,040.00 | 0.00 | \$0.00 | 2.00 | \$5,040.00 | 100.0% |
| 62 | For Connecting Existing 6-Inch Sanitary Sewer Pipe to Proposed Sanitary Sewer Manhole | 2 | Ea. | \$630.00 \$ | 1,260.00 | 2.00 | \$1,260.00 | 0.00 | \$0.00 | 2.00 | \$1,260.00 | 100.0% |
| 63 | For Cutting and Plugging Existing 6-Inch Sanitary Sewer Pipe | 2 | Ea. | \$1,470.00 \$ | 2,940.00 | 2.00 | \$2,940.00 | 0.00 | \$0.00 | 2.00 | \$2,940.00 | 100.0% |
| 64 | For Furnishing and Installing 4-Inch Square Acrylic Yellow Double Reflective Buttons | 215 | Ea. | \$3.03 \$ | 651.45 | 32.00 | \$96.96 | 183.00 | \$554.49 | 215.00 | \$651.45 | 100.0% |
| 65 | For Furnishing and Installing 4-Inch Square Acrylic White Non-Reflective Buttons | 330 | Ea. | \$2.42 \$ | 798.60 | 45.00 | \$108.90 | 285.00 | \$689.70 | 330.00 | \$798.60 | 100.0% |
| 66 | For Furnishing and Installing 4-Inch Circular Yellow Non-Reflective Buttons | 620 | Ea. | \$2.42 \$ | 1,500.40 | 86.00 | \$208.12 | 534.00 | \$1,292.28 | 620.00 | \$1,500.40 | 100.0% |
| 67 | For Furnishing and Installing 4-Inch Square White Single Reflective Buttons | 303 | Ea. | \$3.03 \$ | 915.09 | 99.00 | \$298.97 | 104.00 | \$315.12 | 203.00 | \$615.09 | 100.0% |
| 68 | For Furnishing and Installing 4-Inch Square Acrylic Reflective Blue Buttons Center of Outside Lane at Fire Hydrant | 5 | Ea. | \$3.30 \$ | 16.50 | 0.00 | \$0.00 | 5.00 | \$16.50 | 5.00 | \$16.50 | 100.0% |



Construction Accounting

DATE: May 7, 2008
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction
 JRJ Paving, L.P.
 2277 N. Masch Branch Road
 Denton, TX 76207

| ITEM | DESCRIPTION | EST. CITY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | TO DATE AMOUNT | % DOLLARS COMPLETE |
|------|---|-----------|------|-------------|----------------|-------------------|-----------------|----------------------|--------------------|------------------|----------------|--------------------|
| 69 | For Furnishing and Installing 18-inch Solid White Thermoplastic Stripe | 122 | L.F. | \$4.13 | \$ 503.86 | 45.00 | \$189.96 | 76.00 | \$313.86 | 122.00 | \$503.86 | 100.0% |
| 70 | For Furnishing and Installing 24-inch Solid White Thermoplastic Stripe | 66 | L.F. | \$4.40 | \$ 290.40 | 65.00 | \$286.00 | 1.00 | \$4.40 | 66.00 | \$290.40 | 100.0% |
| 71 | For Furnishing and Installing 8-inch Wide x 2-Foot Long Solid White Thermoplastic Stripe | 29 | Ea. | \$3.30 | \$ 95.70 | 0.00 | \$0.00 | 29.00 | \$95.70 | 29.00 | \$95.70 | 100.0% |
| 72 | Marking - "ONLY" | 4 | Ea. | \$126.50 | \$ 506.00 | 3.00 | \$379.50 | 1.00 | \$126.50 | 4.00 | \$506.00 | 100.0% |
| 73 | For Furnishing and Installing White Thermoplastic Marking - "RR, Xing" | 2 | Ea. | \$522.50 | \$ 1,045.00 | 2.00 | \$1,045.00 | 0.00 | \$0.00 | 2.00 | \$1,045.00 | 100.0% |
| 74 | Marking - Straight Arrow | 4 | Ea. | \$99.00 | \$ 396.00 | 0.00 | \$0.00 | 4.00 | \$396.00 | 4.00 | \$396.00 | 100.0% |
| 75 | Furnish and Install White Thermoplastic - Turn Arrow For Furnishing and Placing Solid Sod, including Fertilizer and Watering | 16 | Ea. | \$98.00 | \$ 1,568.00 | 4.00 | \$396.00 | 12.00 | \$1,188.00 | 16.00 | \$1,584.00 | 100.0% |
| 76 | For Furnishing and Placing Asian Januise (1-Gallon), including Watering | 480 | S.Y. | \$4.57 | \$ 2,193.60 | 0.00 | \$0.00 | 480.00 | \$2,193.60 | 480.00 | \$2,193.60 | 100.0% |
| 77 | For Furnishing and Planting Crepe Myrtles (65 Gallon), including Watering | 4620 | Ea. | \$4.43 | \$ 20,378.00 | 0.00 | \$0.00 | 4600.00 | \$20,378.00 | 4600.00 | \$20,378.00 | 100.0% |
| 78 | For Furnishing and Planting Loropetalum Bush (5-Gallon), including Watering | 42 | Ea. | \$262.32 | \$ 11,017.44 | 0.00 | \$0.00 | 42.00 | \$11,017.44 | 42.00 | \$11,017.44 | 100.0% |
| 79 | For Furnishing and Installing a Fully Operational Irrigation System | 103 | Ea. | \$15.40 | \$ 1,586.20 | 0.00 | \$0.00 | 103.00 | \$1,586.20 | 103.00 | \$1,586.20 | 100.0% |
| 80 | Furnish and Prepare a Trench Safety Plan | 1 | L.S. | \$16,584.00 | \$ 16,584.00 | 0.10 | \$1,858.40 | 0.90 | \$14,925.60 | 1.00 | \$16,584.00 | 100.0% |
| 81 | For Furnishing, Installing and Maintaining Trench Safety System | 1 | L.S. | \$788.00 | \$ 788.00 | 1.00 | \$788.00 | 0.00 | \$0.00 | 1.00 | \$788.00 | 100.0% |
| 82 | For Furnishing, Installing, Maintaining and Removing Erosion Control Devices | 1330 | L.F. | \$2.31 | \$ 3,118.50 | 1385.45 | \$3,154.19 | -15.45 | (\$35.69) | 1350.00 | \$3,118.50 | 100.0% |
| 83 | For Furnishing and Maintaining Two Light Boards for Notifying Traffic of Construction | 1 | L.S. | \$13,047.00 | \$ 13,047.00 | 1.00 | \$13,047.00 | 0.00 | \$0.00 | 1.00 | \$13,047.00 | 100.0% |
| 84 | For Dust Control, including Water Truck, as Directed by the City and at a Minimum Twice a Day | 60 | Days | \$184.00 | \$ 11,040.00 | 60.00 | \$11,040.00 | 0.00 | \$0.00 | 60.00 | \$11,040.00 | 100.0% |
| 85 | For Furnishing and Installing Roadway/Pedestrian Lights | 1 | L.S. | \$3,651.00 | \$ 3,651.00 | 0.60 | \$2,190.60 | 0.40 | \$1,460.40 | 1.00 | \$3,651.00 | 100.0% |
| 86 | For Furnishing and Installing Roadway/Pedestrian Light | 27 | Ea. | \$8,925.00 | \$ 240,975.00 | 0.00 | \$0.00 | 27.00 | \$240,975.00 | 27.00 | \$240,975.00 | 100.0% |
| 87 | SAA | 3 | Ea. | \$8,074.50 | \$ 24,223.50 | 0.00 | \$0.00 | 3.00 | \$24,223.50 | 3.00 | \$24,223.50 | 100.0% |
| 88 | For Furnishing and Installing Pedestrian Fixture SB | 26 | Ea. | \$4,252.50 | \$ 110,566.00 | 0.00 | \$0.00 | 26.00 | \$110,566.00 | 26.00 | \$110,566.00 | 100.0% |
| 89 | For Furnishing, Installing and Constructing Light Foundation, including Pull Box and Grounding Rod | 2 | Ea. | \$6,426.00 | \$ 12,852.00 | 0.00 | \$0.00 | 2.00 | \$12,852.00 | 2.00 | \$12,852.00 | 100.0% |
| 90 | For Furnishing and Installing 2-Loch Schedule 40 PVC Conduit, including Trenching, Backfilling and Restoration | 56 | Ea. | \$1,008.00 | \$ 56,448.00 | 0.00 | \$0.00 | 56.00 | \$56,448.00 | 56.00 | \$56,448.00 | 100.0% |
| 91 | For Furnishing and Installing No. 10 THHN/THWN Conductors (#10, #10G) in 2-Inch Conduit | 5400 | L.F. | \$5.78 | \$ 31,212.00 | 1301.00 | \$7,519.78 | 4098.00 | \$23,692.22 | 5400.00 | \$31,212.00 | 100.0% |
| 92 | For Making All Connections and Making Lighting and Electrical System Operational | 15600 | L.F. | \$0.90 | \$ 14,040.00 | 0.00 | \$0.00 | 15600.00 | \$14,040.00 | 15600.00 | \$14,040.00 | 100.0% |
| 93 | For Arranging with TXU and Furnishing and Installing All Equipment for Electric Service for Irrigation Service | 1 | L.S. | \$7,434.00 | \$ 7,434.00 | 0.00 | \$0.00 | 1.00 | \$7,434.00 | 1.00 | \$7,434.00 | 100.0% |
| 94 | For Arranging with TXU and Furnishing and Installing All Equipment for Electrical Service (2-Street Lights and 2 for Pedestrian Lights) | 2 | Ea. | \$4,095.00 | \$ 8,190.00 | 0.00 | \$0.00 | 2.00 | \$8,190.00 | 2.00 | \$8,190.00 | 100.0% |
| 95 | For Furnishing and Installing Traffic Control Signs in Accessance with Sign Plan | 4 | Ea. | \$4,895.00 | \$ 19,580.00 | 0.00 | \$0.00 | 4.00 | \$19,580.00 | 4.00 | \$19,580.00 | 100.0% |
| 96 | For Furnishing and Installing Reinforced Concrete Retaining Wall | 16 | Ea. | \$650.00 | \$ 8,800.00 | 8.00 | \$4,400.00 | 8.00 | \$4,400.00 | 16.00 | \$8,800.00 | 100.0% |
| 97 | Bid Allowance for Irrigation Repairs, complete in place. | 35 | C.Y. | \$483.00 | \$ 16,905.00 | 0.00 | \$0.00 | 35.00 | \$16,905.00 | 35.00 | \$16,905.00 | 100.0% |
| 98 | the Bid Allowance of \$3,090.00 per One Unit | 1 | Unit | \$3,090.00 | \$ 3,090.00 | 1.00 | \$3,090.00 | 0.00 | \$0.00 | 1.00 | \$3,090.00 | 100.0% |
| 99 | For Furnishing and Placing Crosswalk Pavers | 245 | S.Y. | \$96.93 | \$ 23,747.85 | 245.00 | \$23,747.85 | 0.00 | \$0.00 | 245.00 | \$23,747.85 | 100.0% |



Construction Accounting

DATE: May 7, 2008
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction
 JRJ Paving, L.P.
 2277 N. Masch Branch Road
 Denton, TX 76207

| ITEM | DESCRIPTION | EST QTY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | AMOUNT TO DATE | % DOLLARS COMPLETE |
|----------------------|---|------------|------|---------------|-------------------|----------------------|--------------------|----------------------------|--------------------------|---------------------|-------------------|-----------------------|
| 100 | For Furnishing and Placing Driveway Pavers For Furnishing and Installing 4-inch PVC Conduit with 4 inch Caps, Meeting the requirements of TXU at Four Crossing | 55 | S.Y. | \$96.93 | \$ 5,331.15 | 0.00 | \$0.00 | 55.00 | \$5,331.15 | 55.00 | \$5,331.15 | 100.0% |
| 101A | For Furnishing and Placing 4-inch Flex-Base Under Sidewalks | 140 | CY | 108.28 | \$ 15,159.20 | 0.00 | \$0.00 | 140.00 | \$15,159.20 | 140.00 | \$15,159.20 | 100.0% |
| TOTAL | | | | | \$2,076,920.33 | | \$1,384,417.08 | | \$682,503.24 | | \$2,076,920.33 | |
| CHANGE ORDERS | | | | | | | | | | | | |
| #1 | Various Items | 1 | | \$ 6,386.98 | \$ 6,386.98 | 129% | \$ 8,252.29 | -29% | \$ (1,865.31) | 100% | \$ 6,386.98 | 100.0% |
| #2 | Various Items | 1 | | \$ 61,242.60 | \$ 61,242.60 | 78% | \$ 47,616.52 | 22% | \$ 13,625.68 | 100% | \$61,242.60 | 100.0% |
| #3 | Various Items | 1 | | \$ 37,949.45 | \$ 37,949.45 | 0% | \$ - | 100% | \$ 37,949.45 | 1.00 | \$37,949.45 | 100.0% |
| #4 | Various Items | 1 | | \$ 33,879.52 | \$ 33,879.52 | 0% | \$ - | 100% | \$ 33,879.52 | 1.00 | \$33,879.52 | 100.0% |
| #5 | | | | \$ - | \$ - | 0.00 | \$0.00 | 0.00 | \$0.00 | 0.00 | \$0.00 | #DIV/0! |
| #6 | | | | \$ - | \$ - | 0.00 | \$0.00 | 0.00 | \$0.00 | 0.00 | \$0.00 | #DIV/0! |
| SUBTOTAL | | | | | \$ 138,468.56 | | \$ 66,889.21 | | \$ 71,579.34 | | \$ 138,468.56 | 100.0% |
| TOTAL | | | | | \$2,216,378.87 | | \$ 1,440,286.29 | | \$ 776,092.58 | | \$ 2,216,378.87 | 100.0% |



Change Orders

DATE: 5/7/08
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction

| ITEM# | DESCRIPTION | EST QTY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | TO DATE AMOUNT | % COMPLETE |
|------------------------|--|---------|------|------------|---------------------|---------------------|----------------------|----------------------|--------------------|---------------------|----------------|---------------|
| Change Order #1 | | | | | | | | | | | | |
| 1 | Remove and Replace Traffic Control Barricades | 1 | LS | \$2,235.00 | \$ | 1.00 | \$2,235.00 | 0.00 | \$0.00 | 1.00 | \$2,235.00 | 100.0% |
| 2 | Add Poly sleeves to Water Service Replacement | 2 | EA | \$1,788.00 | \$ | 2.00 | \$1,788.00 | 0.00 | \$0.00 | 2.00 | \$1,788.00 | 100.0% |
| 3 | Construct 4" Dia. Standard Saturated Sewer Manhole | 1 | EA | \$2,520.00 | \$ | 1.00 | \$2,520.00 | 0.00 | \$0.00 | 1.00 | \$2,520.00 | 100.0% |
| 4 | Install Reinf. Concrete Pipe Class III-18-Inch | 25 | LF | \$58.80 | \$ | 25.00 | \$1,470.00 | 0.00 | \$0.00 | 25.00 | \$1,470.00 | 100.0% |
| 5 | Replace 8" San Sewer by Open Cut (9' Depth) | 10 | LF | \$567.00 | \$ | 10.00 | \$5,670.00 | 0.00 | \$0.00 | 10.00 | \$5,670.00 | 100.0% |
| 6 | Furnish & Place 10" Reinf. Conc. (Class K) | 265 | SY | \$57.75 | \$ | 265.00 | \$15,303.75 | 0.00 | \$0.00 | 265.00 | \$15,303.75 | 100.0% |
| 7 | Furnish & Place 8" Concrete Drive (Class K) | 45 | SY | \$58.86 | \$ | 45.00 | \$2,648.70 | 0.00 | \$0.00 | 45.00 | \$2,648.70 | 100.0% |
| 8 | Furnish Reinforced Concrete Barrier-Free Ramps | 27 | SY | \$119.23 | \$ | 27.00 | \$3,219.21 | 0.00 | \$0.00 | 27.00 | \$3,219.21 | 100.0% |
| 9 | Furnish 10" Stamped/Dyed Conc. (4,000 psi) | 360 | SY | \$104.68 | \$ | 360.00 | \$37,684.80 | 45.00 | \$4,710.60 | 360.00 | \$37,684.80 | 100.0% |
| 10 | Furnish & Place 10" Reinf. Conc. (4,000 psi) | 195 | SY | \$48.81 | \$ | 195.00 | \$9,517.95 | 0.00 | \$0.00 | 195.00 | \$9,517.95 | 100.0% |
| 11 | Full Depth Concrete Sawcut | 195 | LF | \$3.85 | \$ | 195.00 | \$750.75 | 0.00 | \$0.00 | 195.00 | \$750.75 | 100.0% |
| 12 | Furnish Place & Compact Flex Base Material | 43 | CY | \$52.21 | \$ | 43.00 | \$2,245.03 | 0.00 | \$0.00 | 43.00 | \$2,245.03 | 100.0% |
| 13 | Unclassified Street Excavation | 121 | CY | \$10.81 | \$ | 121.00 | \$1,308.01 | 26.00 | \$260.26 | 121.00 | \$1,308.01 | 100.0% |
| 14 | Furnish & Place 6" Reinforced Conc. Curb (Class K) | 30 | LF | \$3.62 | \$ | 30.00 | \$108.60 | 0.00 | \$0.00 | 30.00 | \$108.60 | 100.0% |
| 15 | Preparation of ROV | 3293 | SF | \$1.00 | \$ | 3,293.00 | \$3,293.00 | 1,564.81 | \$1,564.81 | 3,293.00 | \$3,293.00 | 100.0% |
| 16 | Add Steel Reinf. Due to Storm Sewer Junction Box | 1 | LS | \$500.00 | \$ | 1.00 | \$500.00 | 0.00 | \$0.00 | 1.00 | \$500.00 | 100.0% |
| 17 | Furnish & Place 10" Reinf. Conc. (4,000 psi) | 265 | SY | \$48.81 | \$ | 265.00 | \$12,934.65 | 0.00 | \$0.00 | 265.00 | \$12,934.65 | 100.0% |
| 18 | Furnish & Place 8" Concrete Drive (4000 psi) | 45 | SY | \$53.30 | \$ | 45.00 | \$2,398.50 | 0.00 | \$0.00 | 45.00 | \$2,398.50 | 100.0% |
| 19 | Furnish and Place Concrete Pavers | 245 | SY | \$96.93 | \$ | 245.00 | \$23,747.85 | 0.00 | \$0.00 | 245.00 | \$23,747.85 | 100.0% |
| 20 | Furnish and Place Concrete Myrtle (65 Gallon) | 6 | EA | \$362.32 | \$ | 6.00 | \$2,173.92 | 6.00 | (\$1,573.92) | 6.00 | (\$1,573.92) | 100.0% |
| 21 | Furnish and Place 4" Reinforced Conc. Sidewalk | 76 | EA | \$176.46 | \$ | 76.00 | \$13,410.96 | 76.00 | \$0.00 | 76.00 | \$13,410.96 | 100.0% |
| 22 | Furnish and Place 4" Reinforced Conc. Sidewalk | 187 | SY | \$40.05 | \$ | 187.00 | \$7,489.35 | 187.00 | (\$7,489.35) | 187.00 | (\$7,489.35) | 100.0% |
| 23 | Furnishing and Installing Water Service Lines | 16 | EA | \$2,037.00 | \$ | 16.00 | \$32,592.00 | 0.00 | \$0.00 | 16.00 | \$32,592.00 | 100.0% |
| 24 | Removal of Existing Trees (3" - 12" in Dia) | 4 | EA | \$412.08 | \$ | 4.00 | \$1,648.32 | 4.00 | (\$1,648.32) | 4.00 | (\$1,648.32) | 100.0% |
| 25 | Furnish & Place 6" Reinforced Conc. Curb (4000 psi) | 50 | LF | \$1.00 | \$ | 50.00 | \$50.00 | 0.00 | \$0.00 | 50.00 | \$50.00 | 100.0% |
| TOTAL | | | | | \$ 6,386.98 | \$ 8,262.29 | \$ (1,865.31) | \$ 6,386.98 | \$ | \$ 6,386.98 | \$ | 100.0% |
| Change Order #2 | | | | | | | | | | | | |
| 1 | Unclassified Street Excavation | 42 | CY | \$420.42 | \$ | 42.00 | \$420.42 | 0.00 | \$0.00 | 42.00 | \$420.42 | 100.0% |
| 2 | Traffic Signal Conduit Relocation | 1 | LS | \$6,633.00 | \$ | 1.00 | \$6,633.00 | 0.00 | \$0.00 | 1.00 | \$6,633.00 | 100.0% |
| 3 | Furnish and Install 8-Inch PVC Water Line | 115 | LF | \$97.90 | \$ | 115.00 | \$11,258.50 | 0.00 | \$0.00 | 115.00 | \$11,258.50 | 100.0% |
| 4 | Furnish & Install 4" Culvert Highrise Live Oak Trees | 36 | EA | \$704.00 | \$ | 36.00 | \$25,344.00 | 36.00 | \$0.00 | 36.00 | \$25,344.00 | 100.0% |
| 5 | Furnish & Install Electrical Wiring for Parking Lights | 1 | LS | \$1,969.00 | \$ | 1.00 | \$1,969.00 | 1.00 | \$1,969.00 | 1.00 | \$1,969.00 | 100.0% |
| 6 | Cut & Plug Water Service at Water Main | 2 | EA | \$2,037.00 | \$ | 2.00 | \$4,074.00 | 0.00 | \$0.00 | 2.00 | \$4,074.00 | 100.0% |
| 7 | Furnish and Install 8-Inch Tap on 10" Main | 1 | EA | \$6,930.00 | \$ | 1.00 | \$6,930.00 | 0.00 | \$0.00 | 1.00 | \$6,930.00 | 100.0% |
| 8 | Furnish and Install 8-Inch Tap on 8" Main | 1 | EA | \$4,510.00 | \$ | 1.00 | \$4,510.00 | 0.00 | \$0.00 | 1.00 | \$4,510.00 | 100.0% |
| 9 | Cut & Plug Water 6" Water Main | 1 | EA | \$2,640.00 | \$ | 1.00 | \$2,640.00 | 0.00 | \$0.00 | 1.00 | \$2,640.00 | 100.0% |
| 10 | Cut & Plug Water 8" Water Main | 2 | EA | \$1,700.00 | \$ | 2.00 | \$3,400.00 | 0.00 | \$0.00 | 2.00 | \$3,400.00 | 100.0% |
| 11 | Concrete Removal | 150 | SF | \$1.00 | \$ | 150.00 | \$150.00 | 150.00 | \$150.00 | 150.00 | \$150.00 | 100.0% |
| 12 | Furnish 4" Thick, Scarified & Scored Sidewalk | 150 | SF | \$20.00 | \$ | 150.00 | \$3,000.00 | 150.00 | \$3,000.00 | 150.00 | \$3,000.00 | 100.0% |
| 13 | Furnish & Place 6" Reinforced Conc. Curb (4000 psi) | 20 | LF | \$33.00 | \$ | 20.00 | \$660.00 | 20.00 | \$660.00 | 20.00 | \$660.00 | 100.0% |
| 14 | Remove & Replace concrete pavement | 40 | SY | \$80.30 | \$ | 40.00 | \$3,212.00 | 40.00 | \$3,212.00 | 40.00 | \$3,212.00 | 100.0% |
| 15 | 8" Water Line Testing | 115 | LF | \$15.40 | \$ | 115.00 | \$1,771.00 | 0.00 | \$0.00 | 115.00 | \$1,771.00 | 100.0% |
| 16 | 6" Gate Valve | 1 | EA | \$1,043.00 | \$ | 1.00 | \$1,043.00 | 0.00 | \$0.00 | 1.00 | \$1,043.00 | 100.0% |
| 17 | Unclassified Excavation & Knockdown (SC Yard) | 580 | CY | \$12.24 | \$ | 580.00 | \$7,099.20 | 580.00 | \$7,099.20 | 580.00 | \$7,099.20 | 100.0% |
| 18 | Asphalt Millings | 580 | CY | \$5.65 | \$ | 580.00 | \$3,277.00 | 580.00 | \$3,277.00 | 580.00 | \$3,277.00 | 100.0% |
| 19 | Asphalt Millings Base Const. & Comp. (SC Yard) | 580 | CY | \$2,037.00 | \$ | 580.00 | \$11,814.60 | 580.00 | \$11,814.60 | 580.00 | \$11,814.60 | 100.0% |
| 20 | Furnishing and Installing Water Service Lines | 1 | EA | \$4,232.50 | \$ | 1.00 | \$4,232.50 | 4.00 | (\$17,010.00) | 1.00 | (\$17,010.00) | 100.0% |
| 21 | Furnish and Install Pedestrian Fixture SB | 4 | EA | \$2,312.50 | \$ | 4.00 | \$9,250.00 | 4.00 | (\$9,250.00) | 4.00 | (\$9,250.00) | 100.0% |
| 22 | Furnish and Planting Crepe Myrtles | 36 | EA | \$526.32 | \$ | 36.00 | \$18,947.52 | 36.00 | (\$18,947.52) | 36.00 | (\$18,947.52) | 100.0% |
| 23 | Furnish Lt. Foundation, Pull Box & Grounding Rod | 4 | EA | \$1,008.00 | \$ | 4.00 | \$4,032.00 | 4.00 | (\$4,032.00) | 4.00 | (\$4,032.00) | 100.0% |
| TOTAL | | | | | \$ 61,242.60 | \$ 47,616.92 | \$ 13,625.68 | \$ 61,242.60 | \$ | \$ 61,242.60 | \$ | 100.0% |



Change Orders

DATE: 5/7/08
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction

| ITEM | EST CITY | UNIT | DESCRIPTION | PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | TO DATE QUANTITY | TO DATE AMOUNT | % DOLLARS COMPLETE |
|-------------------------------|--|---------------------------|-------------|---------------|----------------|-------------------|-----------------|----------------------|--------------------|------------------|----------------|--------------------|
| Change Order #3 | | | | | | | | | | | | |
| 1 | #12 | THHN/THWN | | \$ 0.83 | \$ 830.00 | 0.00 | \$0.00 | 1000.00 | \$830.00 | 1000.00 | \$830.00 | 100.0% |
| 2 | #8 | THHN/THWN | | \$ 1.32 | \$ 7,920.00 | 0.00 | \$0.00 | 6000.00 | \$7,920.00 | 6000.00 | \$7,920.00 | 100.0% |
| 3 | Fixure | SB | | \$ 4,741.00 | \$ 28,446.00 | 0.00 | \$0.00 | 6.00 | \$28,446.00 | 6.00 | \$28,446.00 | 100.0% |
| 4 | Furnish & Place 4" | Reinforced Conc. Sidewalk | | \$ 40.05 | \$ 3,484.35 | 0.00 | \$0.00 | 87.00 | \$3,484.35 | 87.00 | \$3,484.35 | 100.0% |
| 5 | Furnish & Place 4" | Flex Base Under Sidewalk | | \$ 188.28 | \$ 1,840.76 | 0.00 | \$0.00 | 17.00 | \$1,840.76 | 17.00 | \$1,840.76 | 100.0% |
| 6 | Unclassified Street | Excavation | | \$ 10.01 | \$ 340.34 | 0.00 | \$0.00 | 34.00 | \$340.34 | 34.00 | \$340.34 | 100.0% |
| 7 | Adjust Top of Existing 2x2' | Drop Inlet | | \$ 2,625.00 | \$ 2,625.00 | 0.00 | \$0.00 | 1.00 | \$2,625.00 | 1.00 | \$2,625.00 | 100.0% |
| 8 | Modified Electric Service | (Street Lights) | | \$ 27,349.00 | \$ 27,349.00 | 0.00 | \$0.00 | 1.00 | \$27,349.00 | 1.00 | \$27,349.00 | 100.0% |
| 9 | #10 THHN/THWN | | | \$ (6.90) | \$ (9,540.00) | 0.00 | \$0.00 | 10600.00 | \$ (9,540.00) | 10600.00 | \$ (9,540.00) | 100.0% |
| 10 | Light Found., Pull Box, Grounding Rod | | | \$ (1,098.00) | \$ (4,032.00) | 0.00 | \$0.00 | 4.00 | \$ (4,032.00) | 4.00 | \$ (4,032.00) | 100.0% |
| 11 | Furnishing 2" Conduit | | | \$ (5.78) | \$ (1,734.00) | 0.00 | \$0.00 | 300.00 | \$ (1,734.00) | 300.00 | \$ (1,734.00) | 100.0% |
| 12 | Furnishing Electric Service (Bld. Item 95) | | | \$ (4,895.00) | \$ (19,580.00) | 0.00 | \$0.00 | 4.00 | \$ (19,580.00) | 4.00 | \$ (19,580.00) | 100.0% |
| TOTAL | | | | | \$ 37,949.45 | | \$ - | | \$ 37,949.45 | | \$ 37,949.45 | 100.0% |
| Change Order #4 | | | | | | | | | | | | |
| 1 | Install 16" inlet | | | \$ 8,641.88 | \$ 8,641.88 | 0.00 | \$0.00 | 1.00 | \$8,641.88 | 1.00 | \$8,641.88 | 100.0% |
| 2 | Water Service Meter Vault | | | \$ 6,000.00 | \$ 6,000.00 | 0.00 | \$0.00 | 1.00 | \$6,000.00 | 1.00 | \$6,000.00 | 100.0% |
| 3 | Hot Tape Thermoplastic Turn Arrows | | | \$ 2,750.00 | \$ 2,750.00 | 0.00 | \$0.00 | 10.00 | \$2,750.00 | 10.00 | \$2,750.00 | 100.0% |
| 4 | Met's Electric Tins & Materials | | | \$ 3,000.00 | \$ 3,000.00 | 0.00 | \$0.00 | 1.00 | \$3,000.00 | 1.00 | \$3,000.00 | 100.0% |
| 5 | Dwert Lorpelium (3-Gallon) | | | \$ 29.12 | \$ 2,184.00 | 0.00 | \$0.00 | 75.00 | \$2,184.00 | 75.00 | \$2,184.00 | 100.0% |
| 6 | Dwert Buford Helly (3-Gallon) | | | \$ 36.87 | \$ 884.88 | 0.00 | \$0.00 | 24.00 | \$884.88 | 24.00 | \$884.88 | 100.0% |
| 7 | Dwert Wax Myrtle (3-Gallon) | | | \$ 35.21 | \$ 877.31 | 0.00 | \$0.00 | 11.00 | \$877.31 | 11.00 | \$877.31 | 100.0% |
| 8 | Crape Myrtle | | | \$ 262.32 | \$ 262.32 | 0.00 | \$0.00 | 1.00 | \$262.32 | 1.00 | \$262.32 | 100.0% |
| 9 | 120 Gal. High Rise Live Oaks | | | \$ 1,307.00 | \$ 24,853.00 | 0.00 | \$0.00 | 19.00 | \$24,853.00 | 19.00 | \$24,853.00 | 100.0% |
| 10 | 4" acrylic reflective white & red | | | \$ 33.03 | \$ 72.72 | 0.00 | \$0.00 | 24.00 | \$72.72 | 24.00 | \$72.72 | 100.0% |
| 11 | 8" White ceramic square (jiggle bars one roll) | | | \$ 13.75 | \$ 336.25 | 0.00 | \$0.00 | 39.00 | \$336.25 | 39.00 | \$336.25 | 100.0% |
| 12 | Big Blue Liriope (1-Gallon) | | | \$ 55.23 | \$ 523.00 | 0.00 | \$0.00 | 100.00 | \$523.00 | 100.00 | \$523.00 | 100.0% |
| 13 | Salvia Greggii (3-Gallon) | | | \$ 8.09 | \$ 1,815.00 | 0.00 | \$0.00 | 75.00 | \$1,815.00 | 75.00 | \$1,815.00 | 100.0% |
| 14 | Street Light SA (Materials Only) | | | \$ 4,663.00 | \$ 97,104.00 | 0.00 | \$0.00 | 12.00 | \$97,104.00 | 12.00 | \$97,104.00 | 100.0% |
| 15 | Street Light SB (Materials Only) | | | \$ 4,663.00 | \$ 4,663.00 | 0.00 | \$0.00 | 1.00 | \$4,663.00 | 1.00 | \$4,663.00 | 100.0% |
| 16 | Street Light SB (Late Order) | | | \$ 5,496.00 | \$ 5,496.00 | 0.00 | \$0.00 | 1.00 | \$5,496.00 | 1.00 | \$5,496.00 | 100.0% |
| 17 | Reinforced Concrete Handrail CH-11A | | | \$ (623.70) | \$ (2,494.80) | 0.00 | \$0.00 | 4.00 | \$ (2,494.80) | 4.00 | \$ (2,494.80) | 100.0% |
| 18 | Thermoplastic Turn Arrows | | | \$ (99.00) | \$ (990.00) | 0.00 | \$0.00 | 10.00 | \$ (990.00) | 10.00 | \$ (990.00) | 100.0% |
| 19 | High Rise Live Oaks | | | \$ (704.00) | \$ (25,344.00) | 0.00 | \$0.00 | 36.00 | \$ (25,344.00) | 36.00 | \$ (25,344.00) | 100.0% |
| 20 | Loropetalum Bush (3-Gallon) | | | \$ (415.80) | \$ (415.80) | 0.00 | \$0.00 | 27.00 | \$ (415.80) | 27.00 | \$ (415.80) | 100.0% |
| 21 | Furnishing Reinf. Conc. Rot. Wall | | | \$ (483.00) | \$ (16,905.00) | 0.00 | \$0.00 | 35.00 | \$ (16,905.00) | 35.00 | \$ (16,905.00) | 100.0% |
| 22 | Much Reimbursement | | | \$ (1.66) | \$ (1,344.60) | 0.00 | \$0.00 | 810.00 | \$ (1,344.60) | 810.00 | \$ (1,344.60) | 100.0% |
| SUBTOTAL | | | | | \$ 109,559.16 | | \$ 0.00 | | \$ 109,559.16 | | \$ 109,559.16 | 100.0% |
| Quantity Rectification | | | | | | | | | | | | |
| BID - 14 | For Full Depth Asphalt Sawcut | | | \$ 33.30 | \$ 98.00 | 0.00 | \$0.00 | 30.00 | \$98.00 | 30.00 | \$98.00 | 100.0% |
| BID - 18 | Water Main to Meter | | | \$ 2,037.00 | \$ 4,074.00 | 0.00 | \$0.00 | 2.00 | \$4,074.00 | 2.00 | \$4,074.00 | 100.0% |
| BID - 19 | Meter Box, Lid and All Appurtenances | | | \$ 761.25 | \$ (7,612.50) | 0.00 | \$0.00 | -10.00 | \$ (7,612.50) | -10.00 | \$ (7,612.50) | 100.0% |
| BID - 20 | 5-ber x 3-feet | | | \$ 1,254.90 | \$ (2,509.80) | 0.00 | \$0.00 | -2.00 | \$ (2,509.80) | -2.00 | \$ (2,509.80) | 100.0% |
| BID - 22 | Stamped/Dyed Concrete Pavement (4,000 psi) | | | \$ 104.68 | \$ 4,710.60 | 0.00 | \$0.00 | 45.00 | \$4,710.60 | 45.00 | \$4,710.60 | 100.0% |
| BID - 23 | Drive and Approach (4,000 psi) | | | \$ 53.30 | \$ 4,956.90 | 0.00 | \$0.00 | 93.00 | \$4,956.90 | 93.00 | \$4,956.90 | 100.0% |



Change Orders

DATE: 5/7/08
 ESTIMATE: Nine (9)
 PROJECT: Addison Rd. Reconstruction

| ITEM | DESCRIPTION | EST QTY | UNIT | UNIT PRICE | CONTRACT TOTAL | PREVIOUS QUANTITY | PREVIOUS AMOUNT | QUANTITY THIS PERIOD | AMOUNT THIS PERIOD | QUANTITY TO DATE | TO DATE AMOUNT | % COMPLETE |
|----------|--|---------|------|------------|----------------|-------------------|-----------------|----------------------|--------------------|------------------|----------------|------------|
| BID - 25 | For Furnishing and Placing 4-inch Reinforced Concrete Sidewalk, including Compacted Subgrade Base (3,600 sq. ft.) | -2 | S.Y. | \$40.05 | \$ (80.10) | 0.00 | \$0.00 | -2.00 | (\$80.10) | -2.00 | (\$80.10) | 100.0% |
| BID - 28 | For Furnishing and Placing 6-inch Reinforced Monolithic Concrete Curb | 335 | L.F. | \$3.00 | 1,005.00 | 0.00 | \$0.00 | 335.00 | \$1,005.00 | 335.00 | \$1,005.00 | 100.0% |
| BID - 29 | For Furnishing and Constructing 18-inch Reinforced Concrete Curb and Gutter | 18 | L.F. | \$50.00 | 900.00 | 0.00 | \$0.00 | 18.00 | \$900.00 | 18.00 | \$900.00 | 100.0% |
| BID - 38 | For Furnishing and Installing Reinforced Concrete Pipe Class III-18-inch | 90.86 | L.F. | \$58.80 | 5,342.57 | 0.00 | \$0.00 | 90.86 | \$5,342.57 | 90.86 | \$5,342.57 | 100.0% |
| BID - 39 | For Furnishing and Installing Reinforced Concrete Pipe Class III-21-inch | -3 | L.F. | \$59.85 | (179.55) | 0.00 | \$0.00 | -3.00 | (\$179.55) | -3.00 | (\$179.55) | 100.0% |
| BID - 40 | For Furnishing and Installing Reinforced Concrete Pipe Class III-24-inch | -12.41 | L.F. | \$65.10 | (807.89) | 0.00 | \$0.00 | -12.41 | (\$807.89) | -12.41 | (\$807.89) | 100.0% |
| BID - 42 | For Furnishing and Installing Reinforced Concrete Pipe Class III-33-inch | -27 | L.F. | \$97.05 | (2,636.55) | 0.00 | \$0.00 | -27.00 | (\$2,636.55) | -27.00 | (\$2,636.55) | 100.0% |
| BID - 43 | For Furnishing and Installing Reinforced Concrete Pipe Class III-36-inch | -26 | L.F. | \$112.35 | (2,921.10) | 0.00 | \$0.00 | -26.00 | (\$2,921.10) | -26.00 | (\$2,921.10) | 100.0% |
| BID - 44 | For Furnishing and Installing Reinforced Concrete Pipe Class III-48-inch | -1 | L.F. | \$158.55 | (158.55) | 0.00 | \$0.00 | -1.00 | (\$158.55) | -1.00 | (\$158.55) | 100.0% |
| BID - 45 | For Furnishing and Installing Reinforced Concrete Pipe Class III-51-inch | -5 | L.F. | \$190.05 | (950.25) | 0.00 | \$0.00 | -5.00 | (\$950.25) | -5.00 | (\$950.25) | 100.0% |
| BID - 47 | For Furnishing and Installing Reinforced Concrete Pipe Class III-36-inch | 1 | EA | \$854.70 | 854.70 | 0.00 | \$0.00 | 1.00 | \$854.70 | 1.00 | \$854.70 | 100.0% |
| BID - 56 | For Plugging Existing 30-inch Storm Sewer Pipe For Furnishing and Installing 8-inch PVC Sanitary Sewer | -1 | EA | \$430.50 | (430.50) | 0.00 | \$0.00 | -1.00 | (\$430.50) | -1.00 | (\$430.50) | 100.0% |
| BID - 57 | For Plugging Existing 30-inch Storm Sewer Pipe For Furnishing and Installing 8-inch PVC Sanitary Sewer | -6 | L.F. | \$126.00 | (756.00) | 0.00 | \$0.00 | -6.00 | (\$756.00) | -6.00 | (\$756.00) | 100.0% |
| BID - 60 | For Furnishing and Installing 4-inch Square Acrylic Way Cleanout (Station 1+97) | -41 | L.F. | \$201.60 | (8,265.60) | 0.00 | \$0.00 | -41.00 | (\$8,265.60) | -41.00 | (\$8,265.60) | 100.0% |
| BID - 64 | For Furnishing and Installing 4-inch Square Acrylic Yellow Double Reflective Button | 75 | EA | \$3.03 | 227.25 | 0.00 | \$0.00 | 75.00 | \$227.25 | 75.00 | \$227.25 | 100.0% |
| BID - 65 | For Furnishing and Installing 4-inch Square Acrylic White Non-Reflective Button | 19 | EA | \$2.42 | 45.98 | 0.00 | \$0.00 | 19.00 | \$45.98 | 19.00 | \$45.98 | 100.0% |
| BID - 66 | For Furnishing and Installing 4-inch Circular Yellow Non-Reflective Button | -75 | EA | \$2.42 | (181.50) | 0.00 | \$0.00 | -75.00 | (\$181.50) | -75.00 | (\$181.50) | 100.0% |
| BID - 67 | For Furnishing and Installing 4-inch Square White Single Reflective Button | 59 | EA | \$3.03 | 178.77 | 0.00 | \$0.00 | 59.00 | \$178.77 | 59.00 | \$178.77 | 100.0% |
| BID - 68 | For Furnishing and Installing 4-inch Square Acrylic Reflective Blue Buttons Center of Outside Lane at Fire Hydrant | -1 | EA | \$3.30 | (3.30) | 0.00 | \$0.00 | -1.00 | (\$3.30) | -1.00 | (\$3.30) | 100.0% |
| BID - 69 | For Furnishing and Installing 18-inch Solid White Thermoplastic Stripe | 78 | L.F. | \$4.13 | 322.14 | 0.00 | \$0.00 | 78.00 | \$322.14 | 78.00 | \$322.14 | 100.0% |
| BID - 70 | For Furnishing and Installing 24-inch Solid White Thermoplastic Stripe | -22 | L.F. | \$4.40 | (96.80) | 0.00 | \$0.00 | -22.00 | (\$96.80) | -22.00 | (\$96.80) | 100.0% |
| BID - 74 | For Furnishing and Installing White Thermoplastic Marking - Straight Arrow | 12 | EA | \$99.00 | 1,188.00 | 0.00 | \$0.00 | 12.00 | \$1,188.00 | 12.00 | \$1,188.00 | 100.0% |
| BID - 76 | For Furnishing and Installing White Thermoplastic - Turn Arrow | 13 | EA | \$99.00 | 1,287.00 | 0.00 | \$0.00 | 13.00 | \$1,287.00 | 13.00 | \$1,287.00 | 100.0% |
| BID - 78 | For Furnishing and Placing Solid Sod, including Fertilizer and Watering | 312 | S.Y. | \$4.57 | 1,425.84 | 0.00 | \$0.00 | 312.00 | \$1,425.84 | 312.00 | \$1,425.84 | 100.0% |
| BID - 77 | For Furnishing and Planting Asian Jasmine (1-Gallon), including Watering | -684 | EA | \$4.43 | (3,030.12) | 0.00 | \$0.00 | -684.00 | (\$3,030.12) | -684.00 | (\$3,030.12) | 100.0% |
| BID - 84 | For Furnishing and Maintaining Two Light Boards for Notifying Traffic of Construction | 340 | Days | \$184.00 | 62,560.00 | 0.00 | \$0.00 | 340.00 | \$62,560.00 | 340.00 | \$62,560.00 | 100.0% |

ITEM #ES1

There are no Attachments for this Item.

ITEM #ES2

There are no Attachments for this Item.

ITEM #R18

There are no Attachments for this Item.