



College Station, TX

City Hall
1101 Texas Ave
College Station, TX 77840

Meeting Agenda - Final

City Council Regular

Thursday, May 11, 2017

7:00 PM

City Hall Council Chambers

1. Pledge of Allegiance, Invocation, Consider absence request.

Presentations:

- Presentation proclaiming May 7-13, 2017 as Bryan College Station Travel and Tourism Week
- Presentation proclaiming May 21-27, 2017 as National Public Works Week
- Presentation proclaiming May as National Bike Month
- Presentation proclaiming May 7-13, 2017 as Municipal Clerks Week

Hear Visitors: During this time a citizen may address the City Council on any item which does not appear on the posted Agenda. Registration forms are available in the lobby and at the desk of the City Secretary. This form should be completed and delivered to the City Secretary by 5:30 PM on the day of the Council meeting. Upon stepping to the podium the speaker must state their name and city of residence, including the state of residence if the city is located out of state. Each speaker's remarks are limited to three minutes. A series of timer lights will change from green to yellow and an alarm will sound after two and one-half minutes to signal thirty seconds remaining to conclude the remarks. At three minutes the timer light will change to red and the final alarm will sound. The speaker must then conclude the remarks. The City Council will listen and receive the information presented by the speaker, ask staff to look into the matter, or place the issue on a future agenda. Topics of operational concerns shall be directed to the City Manager. Comments should not personally attack other speakers, Council or staff.

Consent Agenda

At the discretion of the Mayor, individuals may be allowed to speak on a Consent Agenda Item. Individuals who wish to address the City Council on a consent agenda item not posted as a public hearing shall register with the City Secretary prior to the Mayor's reading of the agenda item. Registration forms are available in the lobby and at the desk of the City Secretary.

2. Presentation, possible action and discussion of consent agenda items which consists of ministerial or "housekeeping" items required by law. Items may be removed from the consent agenda by majority vote of the Council.

- 2a. [17-0223](#) Presentation, possible action, and discussion of minutes for:
- April 27, 2017 Workshop
 - April 27, 2017 Regular Meeting
- Sponsors:** Mashburn
- Attachments:** [WKSHP042717 DRAFT Minutes](#)
[RM042717 DRAFT Minutes](#)
- 2b. [17-0168](#) Presentation, possible action, and discussion regarding Change Order Numbers 1 and 2 to Greens Prairie Substation Contract Number 17300106 in the total amount of \$226,865.20.
- Sponsors:** Crabb
- Attachments:** [Copy of 04212017-FINAL CSGPCO1Form-Revised20140310](#)
- 2c. [17-0184](#) Presentation, possible action, and discussion on approval of a resolution stating that the City Council has reviewed and approved the City's Amended Investment Policy Broker-Dealer List.
- Sponsors:** Leonard
- Attachments:** [Resolution - Amendment of Broker.Dealer list FY17](#)
- 2d. [17-0197](#) Presentation, possible action, and discussion to consider renewing an agreement with the Wellborn Special Utility District to transfer their water through the College Station water system.
- Sponsors:** Coleman
- Attachments:** [Wheeling Renewal Agreement](#)
- 2e. [17-0198](#) Presentation, possible action, and discussion regarding an inter local agreement with the Texas Department of Public Safety, State Administrator of the Texas Law Enforcement Telecommunications System for the use of the Texas Law Enforcement Telecommunications System (TLETS).
- Sponsors:** McCollum
- Attachments:** [TLETS Agency-Equipment Agreement- 2017](#)
- 2f. [17-0211](#) Presentation, possible action, and discussion on approving a service contract with Global Payments Direct, Inc. for Merchant Card and Credit Card Payment Processing Services. This service contract is for an initial three (3) year term with an estimated annual not-to-exceed amount of \$850,000 for banking fees and service charges.
- Sponsors:** Leonard

Regular Agenda

Individuals who wish to address the City Council on an item posted as a public hearing shall register with the City Secretary prior to the Mayor's announcement to open the public hearing. A speaker who wishes to include computer-based information while addressing the Council must provide the electronic file to the City Secretary by noon of the Council meeting day when the presentation is planned. The Mayor will recognize individuals who wish to come forward to speak for or against the item. Upon stepping to the podium the speaker must state their name and city of residence, including the state of residence if the city is located out of state. On items related to land use and those that would directly impact the speaker's residence or neighborhood, the speaker is encouraged to identify their College Station neighborhood. Each speaker's remarks are limited to three minutes. A series of timer lights will change from green to yellow and an alarm will sound after two and one-half minutes to signal thirty seconds remaining to conclude the remarks. At three minutes the timer light will change to red and the final alarm will sound. The speaker must then conclude the remarks. After a public hearing is closed, there shall be no additional public comments. If Council needs additional information from the general public, some limited comments may be allowed at the discretion of the Mayor.

1. [17-0217](#) Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Suburban Commercial to Urban for approximately 4.74 acres located at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.

Sponsors:

Thomas

Attachments:

[Aerial and Small Area Map \(SAM\)](#)

[Amendment Map](#)

[Ordinance](#)

2. [17-0218](#) Public Hearing, presentation, possible action, and discussion regarding an ordinance amending Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from CI Commercial Industrial to PDD Planned Development District for approximately 4.74 acres being situated in the City of College Station, Brazos County, Texas, at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.

Sponsors:

Thomas

Attachments: [Background Information](#)
[Aerial and Small Area Map](#)
[Rezoning Map](#)
[Ordinance.docx](#)

3. [17-0219](#) Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Urban to General Commercial and Natural Areas Reserved for approximately 3.2 acres located 3500 Harvey Road, generally located east of Copperfield Pkwy and south of Harvey Road.

Sponsors: Thomas

Attachments: [Aerial and Small Area Map \(SAM\)](#)
[Amendment Map](#)
[Ordinance](#)

4. [17-0220](#) Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan Thoroughfare Plan by changing the classification of the extension of Pavilion Avenue, generally located southeast of the intersection of State Highway 6 and Sebesta Road, from a major collector to a minor collector.

Sponsors: Schubert

Attachments: [Background](#)
[Vicinity Map and Aerial](#)
[Exhibit B](#)
[Ordinance.docx](#)

5. [17-0221](#) Public Hearing, presentation, possible action, and discussion regarding an amendment to Unified Development Ordinance Section 12-8.3.H.2, Platting and Replatting within Older Residential Subdivisions.

Sponsors: Hitchcock

Attachments: [Current Language](#)
[Version One](#)
[Version Two](#)
[Ordinance \(option 1\).docx](#)
[Ordinance \(option 2\).docx](#)

6. [17-0222](#) Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$70,000,000 in principal amount of "City of College Station, Texas Certificates of Obligation, Series

2017"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject.

Sponsors:

Leonard

Attachments:[Ordinance \(CO\) \(ver 1\)](#)7. [17-0224](#)

Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$36,600,000 in principal amount of "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017"; with no more than \$19,000,000 of such amount to be issued to refund the Refunded Obligations and pay costs of issuance of the Bonds and no more than \$17,600,000 for new capital projects; delegating the authority to certain City Officials to execute certain documents relating to the sale of the Bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject.

Sponsors:

Leonard

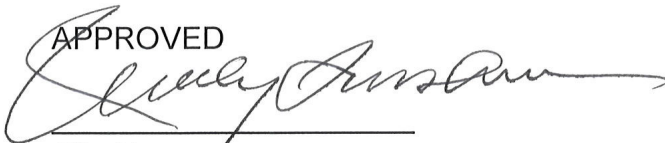
Attachments:[Ordinance \(GO Imp and Ref\) \(ver 1\)](#)

8. Presentation, possible action, and discussion on future agenda items and review of standing list of Council generated agenda items: A Council Member may inquire about a subject for which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.

9. Adjourn.

The City Council may adjourn into Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for Executive Session discussion. An announcement will be made of the basis for the Executive Session discussion.

APPROVED



City Manager

I certify that the above Notice of Meeting was posted at College Station City Hall, 1101 Texas Avenue, College Station, Texas, on May 5, 2017 at 5:00 p.m.



City Secretary

This building is wheelchair accessible. Persons with disabilities who plan to attend this

meeting and who may need accommodations, auxiliary aids, or services such as interpreters, readers, or large print are asked to contact the City Secretary's Office at (979) 764-3541, TDD at 1-800-735-2989, or email adaassistance@cstx.gov at least two business days prior to the meeting so that appropriate arrangements can be made. If the City does not receive notification at least two business days prior to the meeting, the City will make a reasonable attempt to provide the necessary accommodations.

Penal Code § 30.07. Trespass by License Holder with an Openly Carried Handgun.

"Pursuant to Section 30.07, Penal Code (Trespass by License Holder with an Openly Carried Handgun) A Person Licensed under Subchapter H, Chapter 411, Government Code (Handgun Licensing Law), may not enter this Property with a Handgun that is Carried Openly."

Codigo Penal § 30.07. Traspasar Portando Armas de Mano al Aire Libre con Licencia.

"Conforme a la Seccion 30.07 del codigo penal (traspasar portando armas de mano al aire libre con licencia), personas con licencia bajo del Sub-Capitulo H, Capitulo 411, Codigo de Gobierno (Ley de licencias de arma de mano), no deben entrar a esta propiedad portando arma de mano al aire libre."



Legislation Details (With Text)

File #: 17-0223 **Version:** 1 **Name:** Minutes
Type: Minutes **Status:** Consent Agenda
File created: 4/28/2017 **In control:** City Council Regular
On agenda: 5/11/2017 **Final action:**
Title: Presentation, possible action, and discussion of minutes for:
 • April 27, 2017 Workshop
 • April 27, 2017 Regular Meeting
Sponsors: Sherry Mashburn
Indexes:
Code sections:
Attachments: [WKSHP042717 DRAFT Minutes](#)
 [RM042717 DRAFT Minutes](#)

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion of minutes for:

- April 27, 2017 Workshop
- April 27, 2017 Regular Meeting

Relationship to Strategic Goals:

- Good Governance

Recommendation(s): Approval

Summary: None

Budget & Financial Summary: None

Attachments:

- April 27, 2017 Workshop
- April 27, 2017 Regular Meeting

MINUTES OF THE CITY COUNCIL WORKSHOP
CITY OF COLLEGE STATION
APRIL 27, 2017

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

Present:

Karl Mooney, Mayor

Council:

Blanche Brick
Jerome Rektorik
Linda Harvell
Barry Moore, arrived after roll call
Julie Schultz, arrived after roll call
James Benham, arrived after roll call

City Staff:

Kelly Templin, City Manager
Chuck Gilman, Deputy City Manager
Carla Robinson, City Attorney
Sherry Mashburn, City Secretary
Tanya McNutt, Deputy City Secretary

Student Liaison

Spencer Davis, VP Municipal Affairs

1. Call to Order and Announce a Quorum is Present

With a quorum present, the Workshop of the College Station City Council was called to order by Mayor Mooney at 4:30 p.m. on Thursday, April 27, 2017 in the Council Chambers of the City of College Station City Hall, 1101 Texas Avenue, College Station, Texas 77840.

2. Executive Session

In accordance with the Texas Government Code §551.071-Consultation with Attorney, the College Station City Council convened into Executive Session at 4:35 p.m. on Thursday, April 27, 2017 in order to continue discussing matters pertaining to:

A. Consultation with Attorney to seek advice regarding pending or contemplated litigation; to wit:

- Kathryn A. Stever-Harper as Executrix for the Estate of John Wesley Harper v. City of College Station and Judy Meeks; No. 15,977-PC in the County Court No. 1, Brazos County, Texas; and
- Charlton F. Clayton v. City of College Station; Case: 4:16-cv-03485 in the US District Court for the Southern District of Texas Houston Division.
- Potential Settlement of City's Claim Against Meadowbrook Insurance Group

- McCrory Investments II, LLC d/b/a Southwest Stor Mor v. City of College Station; Cause No. 17-000914-CV-361; In the 361st District Court, Brazos County, Texas

B. Consultation with attorney to receive legal advice; to wit:

- Legal advice concerning acting duty pay under Texas Local Government Code Section 141.033
- Legal issues related to parkland dedication fees

The Executive Session recessed at 6:00 p.m.

3. Take action, if any, on Executive Session.

MOTION: Upon a motion made by Councilmember Schultz and a second by Councilmember Moore, the City Council voted seven (7) for and none (0) opposed, to authorize the City Manager to settle a dispute involving the City's claim against Meadowbrook Insurance Group related to insurance coverage for claims made by the City between 2008 and 2012 for a payment the City will receive from Meadowbrook in an amount no less than \$120,000 and to execute a settlement and release agreement containing terms as are customarily contained in settlement agreements. The motion carried unanimously.

4. Presentation, possible action and discussion on items listed on the consent agenda.

Items 2b and 2f were pulled from Consent for clarification.

(2b): Ben Roper, Director of Information Technology, explained the costs and how they are spread out. The costs are based on an ILA and the number of subscribers. The City is paying approximately one-third of the costs because of those numbers.

(2f): Troy Rother, Traffic Engineer, stated that this MOU is an umbrella agreement with TTI for testing emerging technology to assist with mobility.

5. Presentation and discussion on Easterwood Airport.

Joshua Abramson, Airport Manager, updated the Council of the projects at Easterwood Airport. He was on a panel to study and make recommendations to promote air service in small communities. Projects include: American Airlines has upgraded their aircraft to include first class service; re-located the TSA; newly dedicated men/women rest rooms; demolition of the old Quonset area for the new general aviation facility; and implementation of a new parking payment system.

6. Presentation, possible action, and discussion on an update to the Bicycle, Pedestrian, and Greenway Master Plan.

Venessa Garza, Planning and Development, noted that the intent of the Master Plan is to provide information and guidance to implement the community's desire to create a bike-able, walkable and environmentally aware city in which to live. Various accomplishments were highlighted. The

process to update the Plan began in October 2016 and included a staff resource team and the Bicycle, Pedestrian and Greenways Advisory Board. Citizen engagement included a community meeting and online survey.

7. Presentation, possible action, and discussion regarding an update briefing of the City's Open Data Portal.

Ben Roper, Director of Information Technology, noted that, upon Council direction, staff has proceeded with developing an Open Data initiative. Initial funding was included in the FY 2016 budget to engage with a vendor to launch an Open Data Portal. Socrata was selected to assist with stand up and hosting of the Open Data Portal. However, due to other projects, the implementation of the Open Data Portal was delayed by several months, with the Portal launching on December 29, 2016. Public engagement will be stepped up through a survey or hackathon. Public safety will be added at a later date.

8. Council Calendar

Council reviewed the calendar.

9. Discussion, review and possible action regarding the following meetings: Animal Shelter Board, Annexation Task Force, Arts Council of Brazos Valley, Arts Council Sub-Committee, Audit Committee, Bicycle, Pedestrian, and Greenways Advisory Board, Bio-Corridor Board of Adjustments, Blinn College Brazos Valley Advisory Committee, Brazos County Health Dept., Brazos Valley Council of Governments, Bryan/College Station Chamber of Commerce, Budget and Finance Committee, BVSWMA, BVWACS, Compensation and Benefits Committee, Convention & Visitors Bureau, Design Review Board, Economic Development Committee, FBT/Texas Aggies Go to War, Historic Preservation Committee, Interfaith Dialogue Association, Intergovernmental Committee, Joint Relief Funding Review Committee, Landmark Commission, Library Board, Metropolitan Planning Organization, Parks and Recreation Board, Planning and Zoning Commission, Research Valley Partnership, Research Valley Technology Council, Regional Transportation Committee for Council of Governments, Sister Cities Association, Transportation and Mobility Committee, TAMU Student Senate, Texas Municipal League, Twin City Endowment, YMCA, Youth Advisory Council, Zoning Board of Adjustments.

Councilmember Brick reported on the Chamber Transportation Committee.

Councilmember Schultz reported on the RVP.

Councilmember Harvell reported on the Arts Council.

10. Adjournment

There being no further business, Mayor Mooney adjourned the workshop of the College Station City Council at 7:13 p.m. on Thursday, April 27, 2017.

Karl Mooney, Mayor

ATTEST:

Sherry Mashburn, City Secretary

MINUTES OF THE REGULAR CITY COUNCIL MEETING
CITY OF COLLEGE STATION
APRIL 27, 2017

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

Present:

Karl Mooney, Mayor

Council:

Blanche Brick
Jerome Rektorik
Linda Harvell
Barry Moore
Julie Schultz
James Benham

City Staff:

Kelly Templin, City Manager
Chuck Gilman, Deputy City Manager
Carla Robinson, City Attorney
Sherry Mashburn, City Secretary
Tanya McNutt, Deputy City Secretary

Student Liaison

Spencer Davis, VP Municipal Affairs

Call to Order and Announce a Quorum is Present

With a quorum present, the Regular Meeting of the College Station City Council was called to order by Mayor Mooney at 7:22 p.m. on Thursday, April 27, 2017 in the Council Chambers of the City of College Station City Hall, 1101 Texas Avenue, College Station, Texas 77840.

1. Pledge of Allegiance, Invocation, consider absence request.

Presentation proclaiming May 2017 as Mental Health Awareness Month.

Mayor Mooney presented the proclamation to Julie Overstreet, Director of Outreach and Development of the National Alliance on Mental Illness Brazos Valley, proclaiming May 2017 as Mental Health Awareness Month.

Presentation proclaiming May 7-13, 2017 as Drinking Water Week.

Mayor Mooney presented the proclamation and proclaimed May 7-13, 2017 as Drinking Water Week. Present to accept the proclamation were Dave Coleman, Director of Water/Wastewater Services; and Jennifer Nations, Water Services Program Coordinator.

Presentation proclaiming May 7-13, 2017 as Public Service Recognition Week

Mayor Mooney recognized the accomplishments and contributions of government employees at all levels -- federal, state, county and city -- and proclaimed May 7-13, 2017 as Public Service Recognition Week.

Hear Visitors Comments

Ben Roper, College Station, came before Council to honor the service and sacrifice of Sgt. Andrew J. Creighton.

Pierce Jamieson, College Station, was called, but did not come forward.

Spencer Davis, College Station, stated this was his last meeting as Student Liaison and expressed his appreciation for the Council and staff and for everything he has learned this past year.

CONSENT AGENDA

2a. Presentation, possible action, and discussion of minutes for:

- **April 13, 2017 Workshop**
- **April 13, 2017 Regular Meeting**

2b. Presentation, possible action, and discussion regarding approval of the Brazos Valley Wide Area Communications System (BVWACS) Operating Budget for FY 2018 and authorizing the City's quarterly payments of approximately \$46,708.75 for an annual total not to exceed of \$186,834.97; and approval of the BVWACS Capital Equipment Replacement Reserve Fund Budget for FY 2018 and payment of the City's share not to exceed \$100,923.69.

2c. Presentation, possible action, and discussion regarding a purchase order for \$139,481 with Alfa Laval, Inc. to overhaul the centrifuge at the Carters Creek wastewater treatment plant.

2d. Presentation, possible action, and discussion regarding contract 17300305 in the amount of \$192,000 to replace the coatings and make as-needed repairs on structural steel components of four clarifier units at the Carters Creek Wastewater Treatment Plant.

2e. Presentation, possible action, and discussion regarding a formal request made by a developer for refund of unexpended parkland dedication funds in multiple Park Zones, as per Sect. 12-8.8.F.2 of the City's Unified Development Ordinance governing Parkland Dedication Funds. The funds subject to being refunded total \$240,180.

2f. Presentation, possible action and discussion regarding a memorandum of understanding (MOU) with the Texas A&M Transportation Institute (TTI) to work collaboratively for the purpose of deploying and pilot testing TTI developed technology on the City's streets, which is anticipated to improve safety and mobility.

2g. Presentation, possible action, and discussion regarding approval of Change Order No. 2 to contract 16300111 with Jacody, Inc. increasing the construction contract by \$101,317.17 for a new contract total of \$2,202,981.91.

2h. Presentation, possible action and discussion regarding the purchase of 15 traffic signal cabinets from Paradigm Traffic Systems Inc. for \$136,470 from BuyBoard Contract # 432-13. This is a continuation of the ITS Traffic Master Plan regarding replacement of the older TS-1 cabinets. The new TS-2 traffic signal cabinets will provide more flexibility for better traffic signal control with the new Intelligent Transportation System.

MOTION: Upon a motion made by Councilmember Schultz and a second by Councilmember Rektorik, the City Council voted seven (7) for and none (0) opposed, to approve the Consent Agenda. The motion carried unanimously.

REGULAR AGENDA

1. Public Hearing, presentation, possible action, and discussion regarding Ordinance 2017-3875, amending the Comprehensive Plan-Future Land Use & Character Map from Suburban Commercial to General Commercial for approximately 11.3 acres located at 3005 Earl Rudder Freeway South, generally located at the southeast intersection of Earl Rudder Freeway South and Emerald Parkway.

Jennifer Paz, Planning and Development, stated that the applicant is requesting an amendment to the Future Land Use and Character Map in the Comprehensive Plan to General Commercial for approximately 11.3 acres located at Emerald Point Subdivision Lot 1 thru 5, near the southeast intersection of Earl Rudder Freeway South frontage road and Emerald Parkway. The subject and surrounding properties are primarily designated Suburban Commercial on the Comprehensive Plan Future Land Use and Character Map.

The Planning and Zoning Commission considered this item at their April 6 meeting and voted 6-0 to recommend approval.

Mike Gentry, developer, was available for questions.

At approximately 7:52 p.m., Mayor Mooney opened the Public Hearing.

John Woods, College Station, declined to speak.

Christopher Rodie, Emerald Forest, said he prefers General Commercial over Suburban Commercial. Suburban Commercial is a bit onerous and expensive to do. The area will benefit from activating the area at a more intense use. However, he does not want to see a sea of parking or a big box.

David McWhirter, Emerald Forest, stated his opposition to the change. Planning should be long-range and comprehensive. This has been piecemeal. This is particularly true of the drainage issues. These piecemeal changes add up to big problems. This proposed change would allow a big box store.

Cheryl Wink, Emerald Forest, spoke about the flooding of raw sewage in the area. A neighborhood group spoke with the applicant, but noted that Bee Creek has had no maintenance for fifteen years. The land keeps being developed, adding to the problem. Bee Creek is a plugged up creek and not free-flowing. She asked that Council postpone this and work on cleaning out the creek and the drainage issues.

There being no further comments, the Public Hearing was closed at 8:02 p.m.

MOTION: Upon a motion made by Councilmember Benham and a second by Councilmember Rektorik, the City Council voted six (6) for and one (1) opposed, with Councilmember Harvell voting against, to adopt Ordinance 2017-3875, amending the Comprehensive Plan-Future Land Use & Character Map from Suburban Commercial to General Commercial for approximately 11.3 acres located at 3005 Earl Rudder Freeway South, generally located at the southeast intersection of Earl Rudder Freeway South and Emerald Parkway. The motion carried.

2. Public Hearing, presentation, possible action, and discussion regarding Ordinance 2017-3876, amending Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from M-1 Light Commercial to GC General Commercial for approximately 11.3 acres and from M-1 Light Industrial to SC Suburban Commercial for approximately 5.5 acres being lots 1-5 and lot 6, respectively, situated in the Emerald Point Subdivision, College Station, Brazos County, Texas, at the southeast intersection of Earl Rudder Freeway South and Emerald Parkway and Corsair Drive.

Jennifer Paz, stated that the request is to rezone Lots 1-5 from Light Industrial to General Commercial and Lot 6 from Light Industrial to Suburban Commercial. If the Comprehensive Plan Amendment is approved, the rezoning will be in compliance with the Comprehensive Plan. If the amendment is denied, the rezoning will not be in compliance.

The Planning and Zoning Commission considered this item at the April 6 meeting and voted 6-0 to recommend approval.

Mike Gentry, developer, was available for questions.

At approximately 8:31 p.m., Mayor Mooney opened the Public Hearing.

John Woods, College Station, said this was the best proposal they could get. He asked that the Council approve this rezoning.

Christopher Rodie, Emerald Forest, spoke in support of the rezoning. He said he would like to see a café or office like at Raintree. He reiterated that he does not want to see a sea of parking or a big box at the entrance to Emerald Forest.

David McWhirter, Emerald Forest, stated his opposition to the rezoning, especially for Lots 1 and 2. He asked that Suburban Commercial be revisited because it is too restrictive.

There being no further comments, the Public Hearing was closed at 8:39 p.m.

MOTION: Upon a motion made by Councilmember Benham and a second by Councilmember Rekrotik, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2017-3876, amending Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from M-1 Light Commercial to GC General Commercial for approximately 11.3 acres and from M-1 Light Industrial to SC Suburban Commercial for approximately 5.5 acres being lots 1-5 and lot 6, respectively, situated in the Emerald Point Subdivision, College Station, Brazos County, Texas, at the southeast intersection of Earl Rudder Freeway South and Emerald Parkway and Corsair Drive. The motion carried unanimously.

3. Public Hearing, presentation, possible action, and discussion regarding Ordinance 2017-3877, amending the College Station Comprehensive Plan, specifically amending the Future Land Use & Character Map from Urban, Village Center, Suburban Commercial and General Commercial to Urban and General Suburban; and the Bicycle, Pedestrian, and Greenways Master Plan to amend the location of a future trail; for approximately 232 acres located at 4000 and 4200 Rock Prairie Road, and more generally located along the south side of Rock Prairie Road, east of State Highway 6.

Jennifer Prochazka, Economic Development Manager, stated that the proposed amendment will provide a variety of residential, office, and retail opportunities in an urban environment with park, lake, and trail amenities, as was intended by the Medical District Master Plan and the current land use designations on the property. The proposed amendment provides more flexibility on the location of the types of uses and on the overall mix of uses to better respond to market changes throughout the life of the project. In addition, the applicant has proposed an alternative route for the trail system. The proposed trail does not extend to Rock Prairie Road along the creek/tree line, but within a linear park along BirdPond Road, requiring an amendment to the Bicycle, Pedestrian, and Greenways Master Plan. The proposed amendments are consistent with the Medical District Master Plan adopted by the City in 2012 and compliments the existing medical uses to the west and existing and future trail system to the south.

The Planning & Zoning Commission unanimously recommended approval of the two Comprehensive Plan amendments at their April 6 regular meeting. The Bicycle, Pedestrian, and Greenways Advisory Board also recommended approval of the amendment to the Bicycle, Pedestrian, and Greenways Master Plan (trail locations) and the amendment to the Future Land Use and Character Map related to the Natural Areas land use designation.

Staff also recommends approval of the Future Land Use and Character Map amendment request and the Bicycle, Pedestrian Greenways Master Plan amendment.

James Murr, developer, provided a presentation on the College Station Medical District and Town Center.

At approximately 8:57 p.m., Mayor Mooney opened the Public Hearing.

There being no comments, the Public Hearing was closed at 8:57 p.m.

MOTION: Upon a motion made by Councilmember Brick and a second by Councilmember Rektorik, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2017-3877, amending the College Station Comprehensive Plan, specifically amending the Future Land Use & Character Map from Urban, Village Center, Suburban Commercial and General Commercial to Urban and General Suburban; and the Bicycle, Pedestrian, and Greenways Master Plan to amend the location of a future trail; for approximately 232 acres located at 4000 and 4200 Rock Prairie Road, and more generally located along the south side of Rock Prairie Road, east of State Highway 6. The motion carried unanimously.

4. Public Hearing, presentation, possible action, and discussion regarding Ordinance 2017-3878, amending Chapter 12, “Unified Development Ordinance,” Section 12-4.2, “Official Zoning Map,” of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from R Rural to PDD Planned Development District for a mixed-use development including commercial, office, multi-family, single-family, parks and trails on approximately 232 acres of land located generally at 4000 and 4200 Rock Prairie Road, and more generally located along the south side of Rock Prairie Road, east of State Highway 6.

Jennifer Prochazka, Economic Development Manager, stated that the PDD is intended to provide a variety of residential, office, and retail opportunities in an urban environment with park, lake, and trail amenities. The property abuts hundreds of acres of City-owned properties, including parkland, greenway and the future Spring Creek Business Center. The proposed internal trail system will connect to the existing Lick Creek hike and bike trail to the south and Southeast Park to the east. The proposal is consistent with the Medical District Master Plan adopted by the City in 2012 and compliments the existing medical uses to the west. Extensions of Lakeway Drive, Bird Pond Road, Double Mountain Road, as well as other future thoroughfares, will provide connectivity through the area.

The Planning & Zoning Commission considered the rezoning request at their April 6, 2017 regular meeting and unanimously recommended approval. The Bicycle, Pedestrian, and Greenways Committee and the Parks Board also recommend approval. Staff also recommends approval.

James Murr, developer, was available for questions.

At approximately 9:18 p.m., Mayor Mooney opened the Public Hearing.

There being no comments, the Public Hearing was closed at 9:18 p.m.

MOTION: Upon a motion made by Councilmember Moore and a second by Councilmember Benham, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2017-3878, amending Chapter 12, “Unified Development Ordinance,” Section 12-4.2, “Official Zoning Map,” of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from R Rural to PDD Planned Development District for a mixed-use development including commercial, office, multi-family, single-family, parks and trails on approximately 232 acres of land located generally at 4000 and 4200 Rock Prairie Road, and more

generally located along the south side of Rock Prairie Road, east of State Highway 6. The motion carried unanimously.

5. Public Hearing, presentation, possible action, and discussion regarding Ordinance 2017-3879, amending the Comprehensive Plan - Future Land Use & Character Map from Natural Areas Reserved and Commercial to Natural Areas Reserved and Urban for approximately 5.96 acres located at 1451 Associates Avenue, generally located at the northwest corner of Harvey Road and Associates Avenue.

Madison Thomas, Planning and Development, stated that the applicant has requested the proposed Comprehensive Plan amendment to Urban and Natural Areas Reserved as a step toward permitting a multi-family residential housing development at 1451 Associates Ave. This development is intended to provide housing within walking distance of the nearby commercial developments and Veteran's Park.

The Bicycle, Pedestrian and Greenways Board heard this item on April 3 and voted unanimously to recommend approval. The Planning and Zoning Commission considered this item on April 6 and voted unanimously to recommend approval.

At approximately 9:25 p.m., Mayor Mooney opened the Public Hearing.

There being no comments, the Public Hearing was closed at 9:25 p.m.

MOTION: Upon a motion made by Councilmember Schultz and a second by Councilmember Rektroik, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2017-3879, amending the Comprehensive Plan - Future Land Use & Character Map from Natural Areas Reserved and Commercial to Natural Areas Reserved and Urban for approximately 5.96 acres located at 1451 Associates Avenue, generally located at the northwest corner of Harvey Road and Associates Avenue. The motion carried unanimously.

6. Public Hearing, presentation, possible action, and discussion to consider Ordinance 2017-3880, amending the College Station Comprehensive Plan by adopting a new Water System Master Plan; repealing ordinance number 2010-3266 adopted on August 12, 2010; and containing other provisions related thereto.

7. Public Hearing, presentation, possible action, and discussion to consider Ordinance 2017-3881, amending the College Station Comprehensive Plan by adopting a new Wastewater System Master Plan; repealing ordinance number 2011-3353 adopted on June 23, 2011 and containing other provisions related thereto.

Items 6 and 7 were taken together.

Dave Coleman, Director of Water/Wastewater Services, stated that the new master plans reflect water and sewer lines needed as development occurs to serve growth corridors and existing areas where water/sewer lines are in need of rehabilitation. The updated master plans also identify major water/sewer line connections needed within the existing system that will allow the water

distribution system and wastewater collection system to operate more efficiently and also abide by all TCEQ regulations.

Both Staff and the Planning and Zoning Commission recommend approval of the Comprehensive Plan Amendments as presented.

At approximately 9:33 p.m., Mayor Mooney opened the Public Hearing for item 6..

There being no comments, the Public Hearing was closed at 9:33 p.m.

MOTION: Upon a motion made by Councilmember Benham and a second by Councilmember Schultz, the City Council voted seven (0) for and none (0) opposed, to adopt Ordinance 2017-3880, amending the College Station Comprehensive Plan by adopting a new Water System Master Plan; repealing ordinance number 2010-3266 adopted on August 12, 2010; and containing other provisions related thereto. The motion carried unanimously.

At approximately 9:34 p.m., Mayor Mooney opened the Public Hearing for item 7.

There being no comments, the Public Hearing was closed at 9:35 p.m.

MOTION: Upon a motion made by Councilmember Brick and a second by Councilmember Rektorik, the City Council voted seven (7) for and none (0) opposed, to adopt Ordinance 2017-3881, amending the College Station Comprehensive Plan by adopting a new Wastewater System Master Plan; repealing ordinance number 2011-3353 adopted on June 23, 2011 and containing other provisions related thereto. The motion carried unanimously.

8. Presentation, possible action, and discussion regarding the appointment of Councilmembers to boards and commissions.

MOTION: Upon a motion made by Councilmember Rektorik and a second by Councilmember Schultz, the City Council voted seven (7) for and none (0) opposed, to appoint Councilmember Harvell as liaison to the Historic Preservation Committee. The motion carried unanimously.

9. Presentation, possible action, and discussion on future agenda items and review of standing list of Council generated agenda items: A Council Member may inquire about a subject for which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.

Councilmember Rektorik asked to discuss future water needs.

Mayor Mooney requested to also discuss water storage.

Councilmember Benham requested that dates be assigned to future agenda items.

10. Adjournment.

There being no further business, Mayor Mooney adjourned the Regular Meeting of the City Council at 9:40 p.m. on Thursday, April 27, 2017.

Karl Mooney, Mayor

ATTEST:

Sherry Mashburn, City Secretary



Legislation Details (With Text)

File #:	17-0168	Version:	1	Name:	Change Order No. 1 for Greens Prairie Substation Ring Bus Modification Contract
Type:	Change Order	Status:		Status:	Consent Agenda
File created:	4/7/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion regarding Change Order Numbers 1 and 2 to Greens Prairie Substation Contract Number 17300106 in the total amount of \$226,865.20.				
Sponsors:	Timothy Crabb				
Indexes:					
Code sections:					
Attachments:	Copy of 04212017-FINAL_CSGPCO1Form-Revised20140310				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion regarding Change Order Numbers 1 and 2 to Greens Prairie Substation Contract Number 17300106 in the total amount of \$226,865.20.

Relationship to Strategic Goals: (Select all that apply)

-
- Financially Sustainable City
- Core Services and Infrastructure

Recommendation(s):

Staff recommends the approval of combined Change Order Numbers 1 and 2 for a combined total of \$226,865.20 to the Greens Prairie Ring Substation Ring Bus Modification and Transformer #2 Relocation Construction Contract, due to the discovery of additional requirements needed to correct existing conditions at the substation site.

Summary:

Greens Prairie Substation is being modified to place the two (2) existing COCS distribution transformers within the 138 kV ring bus to improve reliability to citizens served from the substation. During construction it was discovered that a sizable portion of the ground grid for the substation was not installed during the original construction in 1990, including the outer ground loop located 3 feet outside the fence. It was also found that much of the relay control cabling insulation was brittle and either cracked or cracking in multiple locations, to the point of making it unreliable in the future for both transmission and distribution protection systems. Finally, upgrades were needed to the 138 kV Switchyard panels for ERCOT Settlement Meters to accommodate the upgrade of data collection from leased telephone land line to the cyber based IP system. The changes to the original scope for this project amount to \$226,865.20, which is a 7.60% increase in cost from the original bid.

Budget & Financial Summary:

The original contract cost for Greens Prairie Substation was \$2,986,103.45. The new combined Change Order #1 and #2 amount of \$226,865.20 reflects a 7.60% increase in cost, for a revised project cost of \$3,212,968.65. Funds for this project and change order are available from the Electric Capital Improvement Projects (CIP) Fund budget.

Attachments:

1. Change Order Numbers 1 and 2 Contract Number 17300106

CHANGE ORDER NO.1		DATE: 4.21.2017		Contract No. 17300106														
P.O.# 17200671-00		PROJECT: Greens Prairie Substation Ring Bus Modification and Transformer #2 Relocation																
OWNER:			CONTRACTOR:															
City of College Station			Saber Power Services															
P.O. Box 9960			9841 Saber Power Lane		Ph:													
College Station, Texas 77842			Rosharon, TX 77583		Fax:													
PURPOSE OF THIS CHANGE ORDER:																		
Installation of ground grid for the substation that was not installed during original construction.																		
Replacement of faulty relay control cabling.																		
Upgrades to the 138 kV Switchyard panels for ERCOT Settlement Meters.																		
<u>Change in scope due to water/sewer connection no longer required for backup control center</u>																		
ITEM NO	UNIT	DESCRIPTION	UNIT PRICE	ORIGINAL QUANTITY	REVISED QUANTITY	ADDED COST												
1		Transmission Portion Decrease		\$1,493,051.72	\$1,492,452.33	(\$599.39)												
2		Transmission Portion Increase		\$1,493,051.72	\$1,582,413.47	\$89,361.75												
3		Distribution Portion Increase		\$1,493,051.73	\$1,631,154.57	\$138,102.84												
					TOTAL	\$226,865.20												
THE NET AFFECT OF THIS CHANGE ORDER IS 7.60 % INCREASE																		
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)</td> <td style="width: 10%; text-align: right;">-\$599.39</td> <td style="width: 40%;"></td> </tr> <tr> <td>LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)</td> <td style="text-align: right;">\$89,361.75</td> <td></td> </tr> <tr> <td>LINE 3 (EL1875729-EDSS-CONSTRUCT 9101072-6541)</td> <td style="text-align: right;">\$138,102.84</td> <td></td> </tr> <tr> <td>TOTAL CHANGE ORDER</td> <td style="text-align: right;">\$226,865.20</td> <td></td> </tr> </table>							LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)	-\$599.39		LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)	\$89,361.75		LINE 3 (EL1875729-EDSS-CONSTRUCT 9101072-6541)	\$138,102.84		TOTAL CHANGE ORDER	\$226,865.20	
LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)	-\$599.39																	
LINE 1 (EL1875730-ETSS-CONSTRUCT 9101072-6540)	\$89,361.75																	
LINE 3 (EL1875729-EDSS-CONSTRUCT 9101072-6541)	\$138,102.84																	
TOTAL CHANGE ORDER	\$226,865.20																	
ORIGINAL CONTRACT AMOUNT			\$2,986,103.45															
CHANGE ORDER NO. 1			\$226,865.20	7.60% CHANGE														
CHANGE ORDER NO. 2				0.00% <u>CHANGE</u>														
REVISED CONTRACT AMOUNT			\$3,212,968.65	7.60% TOTAL CHANGE														
ORIGINAL CONTRACT TIME			224	Days														
Time Extension No. 1			0	Days														
Revised Contract Time			224	Days														
SUBSTANTIAL COMPLETION DATE			30-Jun-17															
REVISED SUBSTANTIAL COMPLETION DATE			not applicable															
APPROVED																		
A/E CONTRACTOR			Date	DEPARTMENT DIRECTOR														
CONSTRUCTION CONTRACTOR			Date	ASST CITY MGR - CFO														
PROJECT MANAGER			Date	CITY ATTORNEY														
CITY ENGINEER			Date	CITY MANAGER														



Legislation Details (With Text)

File #:	17-0184	Version:	1	Name:	Resolution for Name Change of Broker/Dealer
Type:	Presentation	Status:		Status:	Consent Agenda
File created:	4/13/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion on approval of a resolution stating that the City Council has reviewed and approved the City's Amended Investment Policy Broker-Dealer List.				
Sponsors:	Mary Ellen Leonard				
Indexes:					
Code sections:					
Attachments:	Resolution - Amendment of Broker.Dealer list FY17				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion on approval of a resolution stating that the City Council has reviewed and approved the City's Amended Investment Policy Broker-Dealer List.

Recommendation(s): Staff recommends review and approval of the resolution.

Summary: The Public Funds Investment Act requires an annual review and approval of the City's investment policy and investment strategies. The fiscal year 2017 Investment Policy and Investment Strategies was reviewed by Council and adopted on October 27, 2016. As part of that review and approval process, an annual review of the City's authorized Broker-Dealers was performed. As part of the City's Investment Policy, Council reviewed, approved and adopted the following list of Broker-Dealers for the City to do business with:

- Coastal Securities, Inc.
- First Southwest Securities
- American Momentum (CD's only)

Under the Public Funds Investment Act, any modifications to the list are required to be reviewed, approved and adopted by Council in writing.

On April 1, 2017, an approved Broker-Dealer, Coastal Securities, Inc. was acquired by FTN Financial. Coastal Securities, Inc. is now operating under the FTN Financial name. The approved broker-dealer listing is being amended to change Coastal Securities, Inc. to FTN Financial.

Staff proposes that Council review, approve and adopt the following amended list of Broker-Dealers for the City to do business with:

- FTN Financial
- First Southwest Securities
- American Momentum (CD's only)

Budget & Financial Summary: None

Reviewed and Approved by Legal: Yes

Attachments:

1. Resolution
2. Qualified Broker-dealer List

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS, AMENDING RESOLUTION NO. 10-27-16-2e APPROVING AND RATIFYING THE CITY'S BROKER/DEALER LIST WITHIN ITS INVESTMENT STRATEGY AND POLICY FOR FISCAL YEAR 2017 AND AUTHORIZING ITS IMPLEMENTATION.

WHEREAS, on or about October 27, 2016 the City of College Station City Council adopted Resolution No. 10-27-16-2e adopting the City's Investment Strategy and Policy, and approved Broker/Dealer list; and

WHEREAS, one of the approved brokers/dealers, Coastal Securities, Inc., was acquired and now operates as FTN Financial as of April 2, 2017; now therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the City Council hereby approves, ratifies and adopts the Investment Strategy and Policy's amended Brokers/Dealers list changing the name of Coastal Securities, Inc. to FTN Financial for Fiscal Year 2017, attached to this as Exhibit A.

PART 2: That this resolution shall take effect immediately from and after its passage.

ADOPTED this _____ day of _____, A.D. 2017.

ATTEST:

APPROVED:

Sherry Mashburn, City Secretary

Karl Mooney, Mayor

APPROVED:

City Attorney

Exhibit "A"

Qualified Brokers/Dealers

Adopted by Council: 10/27/2016
Amended: 04/27/2017

QUALIFIED BROKER/DEALERS

FTN Financial

Zach Brewer
920 Memorial City Way, 11th Floor
Houston, TX 77024
Phone: (713) 435-4351

First Southwest Securities

Linda Calloway
300 West 6th Street, Suite 1940
Austin, TX 78701
Phone: (512) 481-2040

American Momentum Bank (CD's only)

Frank Varisco
Five Momentum Blvd.
College Station, TX 77845
Phone: (979) 599-9349



Legislation Details (With Text)

File #:	17-0197	Version:	1	Name:	WSUD Wheeling Agreement Renewal
Type:	Agreement	Status:		Status:	Consent Agenda
File created:	4/20/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion to consider renewing an agreement with the Wellborn Special Utility District to transfer their water through the College Station water system.				
Sponsors:	David Coleman				
Indexes:					
Code sections:					
Attachments:	Wheeling Renewal Agreement				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion to consider renewing an agreement with the Wellborn Special Utility District to transfer their water through the College Station water system.

Relationship to Strategic Goals: Financially sustainable city providing response to core services and infrastructure.

Recommendation: Staff recommends approval of the renewal agreement.

Summary: Wellborn Special Utility District has requested renewal of a water wheeling agreement that was approved by City Council on June 28, 2012. Under this agreement, WSUD pumps water from their well in northern Brazos County into the College Station water transmission line near the Sandy Point pump station, and then recaptures this water at our system interconnects in south College Station. WSUD needs this water moved to southern Brazos County, since they do not have sufficient transmission capacity. Wellborn SUD is in the process of building a pipeline for this purpose, but they need an interim solution.

This proposed agreement would be for three more years, and within that time frame, the City will have plenty of spare capacity in our water system to accommodate this extra flow. Wellborn has agreed to pay 69% of our current Commercial Water Rate for the water that's transferred, so we will recoup all of our operational costs, plus a portion of our capital costs. This rate was determined in conjunction with Budget Office personnel, and was calculated so that the City's costs to move the water are covered, plus a proportional share of the debt service of the infrastructure being used in the wheeling process.

Wellborn SUD serves many College Station residents, in neighborhoods such as Williams Creek, Sweetwater Forest, Creek Meadows, Wellborn Oaks, Great Oaks, and many others. This agreement will benefit our citizens, and will also provide College Station with another back-up emergency water supply source.

The Wellborn SUD Board approved this agreement renewal on April 18th, 2017. City staff recommends approval.

Budget & Financial Summary: No budget impacts, minor revenue source.

Attachment: Renewal document

WATER TRANSMISSION AGREEMENT FIRST RENEWAL

This Water Transmission Agreement First Renewal ("**First Renewal Agreement**" or "**Agreement**") is entered into and effective this _____ day of _____ 2017 by and between the City of College Station, Texas (the "**City**") and Wellborn Special Utility District (the "**District**"). The City and District may be referred to herein collectively as the "**Parties**" or individually as a "**Party**". Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Original Agreement (as defined below).

RECITALS

WHEREAS, the City is a Texas home rule municipal corporation under Article XI, § 5 of the Texas Constitution, and provides retail water service within the area described under Certificate of Convenience and Necessity ("**CCN**") No. 10169 in Brazos County, Texas; and

WHEREAS, the District is a special utility district operating under Chapters 49 and 65 of the Texas Water Code and provides retail water service within the area described under CCN No. 11340 in Brazos County, Texas; and

WHEREAS, the Parties entered into a Water Transmission Agreement dated July 3, 2012 (the "**Original Agreement**") for the District to transport and supply water from District-owned groundwater supply wells to customers within the District's CCN area, using the City's Transmission Line to transport the District's groundwater, all as more specifically set forth in the Original Agreement; and

WHEREAS, the District's Supply Facilities and the Delivery Points have been constructed, are operational, and have been acceptable to the Parties for use under the terms of the Original Agreement; and

WHEREAS, pursuant to the terms and conditions of this First Renewal Agreement, the Parties desire to extend the term of the Original Agreement for a period of three (3) more years.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both Parties, the City and District agree as follows:

1. **Original Agreement.** All terms and conditions of the Original Agreement remain in full force and effect, except as may be modified by this First Renewal Agreement. The "WHEREAS" clauses set forth above are expressly incorporated in and form part of the terms of this First Renewal Agreement.
2. **Effective Date.** The effective date of this First Renewal Agreement shall be the date of the last Party to sign this First Renewal Agreement.

3. **Term.** By this First Renewal Agreement, the term of the Original Agreement shall be extended for three (3) additional years, and will terminate at midnight on July 3, 2020. The Parties may hereafter renegotiate and renew the Original Agreement in writing for a new term not to exceed an additional three (3) years. Upon termination, and except as otherwise agreed in writing by the Parties, either Party shall be authorized to physically separate the Supply Facilities and Transmission Facilities owned by the respective Parties upon at least ninety (90) days written notice to the other Party.

4. **Notices.**

a. Any notice required or permitted hereunder shall be given in writing by United States certified mail with postage and fees pre-paid or reputable overnight courier (e.g., Federal Express), facsimile transmission, or electronic mail, with confirmation of delivery addressed as follows:

To City: Attn: Water Services Director
City of College Station
1601 Graham Road
College Station, Texas 77842
Email: dcoleman@cstx.gov
Fax: (979) 764-3452

With a copy to: Attn: City Attorney
City of College Station
1101 Texas Avenue
College Station, Texas 77842
Email: crobinson@cstx.gov
Fax: (979) 764-3481

To District: Wellborn Special Utility District
Attn: General Manager
P.O. Box 250
Wellborn, Texas 77881
Email: wsud.sc@verizon.net
Fax: (979) 690-1260

With a copy to: Leonard H. Dougal
Jackson Walker L.L.P.
100 Congress Avenue, Suite 1100
Austin, Texas 78701
Email: ldougal@jw.com
Fax: (512) 391-2112

- b. All notices will be deemed to have been given on the date of mailing or sending of such notice. Each Party may change its address upon five days' written notice to the other Party.
- c. This First Renewal Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.
5. **Authority; Non-Assignment.** Each of the undersigned signatories hereby represent and warrant that such signatory has full and complete authority to enter into this First Renewal Agreement on behalf of their respective Party. This First Renewal Agreement shall be binding on and shall enure to the benefit of the successors and assigns of the Parties. Neither Party may assign this First Renewal Agreement without the prior written approval of the other Party.

IN WITNESS WHEREOF, the Parties have executed this First Renewal Agreement and caused this agreement to be effective on the date first written above as reflected by the signatures below.

**WELLBORN SPECIAL UTILITY
DISTRICT**

By: 
Printed Name: Stephen Cast
Title: General Manager
Date: April 18, 2017

CITY OF COLLEGE STATION

By: _____
City Manager
Date: _____

APPROVED:

By: _____
City Attorney
Date: _____

By: _____
Assistant City Manager / CFO
Date: _____



Legislation Details (With Text)

File #:	17-0198	Version:	1	Name:	TLETS Agency-Equipment Agreement
Type:	Agreement	Status:		Status:	Consent Agenda
File created:	4/21/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion regarding an inter local agreement with the Texas Department of Public Safety, State Administrator of the Texas Law Enforcement Telecommunications System for the use of the Texas Law Enforcement Telecommunications System (TLETS).				
Sponsors:	Scott McCollum				
Indexes:					
Code sections:					
Attachments:	TLETS Agency-Equipment Agreement- 2017				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion regarding an inter local agreement with the Texas Department of Public Safety, State Administrator of the Texas Law Enforcement Telecommunications System for the use of the Texas Law Enforcement Telecommunications System (TLETS).

Relationship to Strategic Goals:

- Good Governance
- Core Services and Infrastructure
- Sustainable City

Recommendation(s): Acceptance of agreement

Summary: This agreement is made pursuant to Chapter 791 of the Texas Government Code and /or Chapter 771 of the Texas Government Code and sets forth duties and responsibilities for both the Texas Department of Public Safety and the College Station Police Department as it relates to the use of the Texas Law Enforcement Telecommunications System.

The Texas Law Enforcement Telecommunications System (TLETS), consists of a distributed software application and secure network services. TLETS is provided to over 100,000 Criminal Justice employees, through over 8,800 directly defined workstations and 40,000 devices defined to city and county systems that interface with TLETS. DPS strives to make TLETS available 24x7x365. The core component of TLETS is a store and forward message brokering system that ensures safe, secure delivery of content being transmitted throughout the system.

TLETS provides intrastate interconnectivity for criminal justice agencies to a variety of local, state, and federal data base systems. Additionally, TLETS' link with NLETS, the International Justice and Public Safety Network, facilitates exchange between criminal justice agencies across the state of

Texas to their counterparts in other states. The link with NLETS allows DPS to provide critical information to the national criminal justice community and allows TLETS operators to obtain information from a variety of data base services from other states, Federal agencies, Canada, Interpol, and private companies.

TXDPS requires that every agency using TLETS must execute a Memorandum of Understanding (MOU) plus appoint one individual to administer all of the agency's TDEx users.

Budget & Financial Summary: N/A

Attachments:

1. Texas Law Enforcement Telecommunications System Agreement

TLETS AGENCY/EQUIPMENT AGREEMENT

1. This document constitutes an agreement between the Texas Department of Public Safety, State Administrator of the Texas Law Enforcement Telecommunications Systems (TLETS), and the following criminal justice agency as defined in Section 60.01(6) of the Texas Code of Criminal Procedure,

AGENCY: College Station Police Department

ADDRESS: (Hereinafter referred to as the "Agency" or "TLETS")
2611 Texas Avenue South, College Station, Texas 77840

2. This agreement is made pursuant to Chapter 791 of the Texas Government Code or Chapter 771 of the Texas Government Code.
3. This agreement sets forth duties and responsibilities for both the Department of Public Safety and the Agency.
4. The Department of Public Safety agrees to maintain, operate and manage TLETS communications and criminal justice information systems on a 24 hour, 7 day per week basis. Agency is hereby notified and understands that the TLETS communications and criminal justice information systems will not be available 100% of the time and such systems will, by their very nature, fail and require maintenance from time to time without notice. Such facts have been taken into consideration by Agency prior to the execution of this agreement, and such failures shall not constitute nonperformance or negligence on the part of the Texas Department of Public Safety. In addition, the Texas Department of Public Safety is not liable or responsible for interruptions or termination of service caused by strikes, lockouts, governmental acts, acts of God or other conditions beyond its control. Any such interruption or termination of service shall not be considered as a breach of this agreement by the Texas Department of Public Safety. The Department of Public Safety further agrees to act as the State Control Terminal Agency to facilitate the exchange of information between the Agency and the following agencies; the Federal Bureau of Investigation (FBI) for the National Crime Information Center (NCIC), Interstate Identification Index (III), and other systems; the National Law Enforcement Telecommunications System (NLETS) for the international justice and public safety information-sharing network; the Vehicle Titles and Registration (VTR) Division of the Texas Department of Transportation for motor vehicle registration files; divisions of the Texas Department of Public Safety (DPS) for the Texas Crime Information Center (TCIC), the Computerized Criminal History (CCH), the Driver License system; and other systems that now exist or may be implemented by DPS or other agencies in the future, as appropriate."
5. The Department of Public Safety reserves the right to restrict the type and scope of data to which the Agency may have access. The Department of Public Safety will provide system training of terminal operators at no charge to the Agency at a time and location to be designated by the Department of Public Safety. The obligation of the Department of Public Safety to incur training costs is conditional upon sufficient funds being appropriated, budgeted and available to the Department of Public Safety. No

financial liability will be incurred by the Department of Public Safety by virtue of this agreement beyond monies appropriated and available to it for the purpose of fulfilling this agreement.

6. The Agency shall abide by all laws of the United States and the State of Texas, and shall abide by all present or hereafter approved rules, policies and procedures of NCIC, TCIC, VTR, TLETS, and NLETS concerning the collection, storage, processing, retrieval, dissemination and exchange of criminal justice information.
7. If the Agency provides criminal justice information to another criminal justice agency, which at that time is not operating on TLETS pursuant to an Agency Agreement, the TLETS Agency must have on file a "non-terminal" agency agreement between the parties.
8. The Agency shall keep all terminal operators trained and informed of policies and procedures that govern these systems. The Agency must also ensure that all TLETS operators/employees have access to the TLETS/TCIC Newsletters, manuals and a daily review of the twice broadcasted APB Summary (0600-1800).
9. The Agency agrees that its equipment will be compatible with the TLETS communications interconnection standards of the VSAT Satellite System and or telephone data circuits. This determination may be made by the Department of Public Safety or its authorized designee. Data circuits between the connecting terminal/interface and the Department of Public Safety shall be arranged by the Department of Public Safety. Terminal/interface equipment shall be installed in a location where only authorized personnel may have access to said equipment. The equipment/VSAT Satellite System or circuit may not be modified, moved or changed without approval of the Department of Public Safety. No additional devices may be added to the equipment without prior Department of Public Safety approval.
10. The Department of Public Safety shall provide to the Agency the initial installation of a VSAT Satellite System and allied hardware and software as follows, hereinafter referred to as the VSAT Satellite System, which includes: Antenna, IFL Cable, and other necessary equipment as determined by the Department of Public Safety. The Agency shall provide a voice grade dedicated telephone line for the dial backup modem, if the Agency desires a backup in the event of VSAT signal loss. The Agency shall be responsible for maintaining "all state installed VSAT Satellite System telecommunications equipment in good working order. The costs of any repairs or adjustments to the "VSAT Satellite System" shall be borne by the Department of Public Safety unless the necessity for any said repair or adjustment was caused by the negligence of the Agency as determined by Department of Public Safety in which case the cost shall be borne by the Agency. Failure to maintain said "VSAT Satellite System equipment" in good working order when caused by the negligence of the Agency and/or failure to pay the costs of any repairs or adjustments necessitated by the negligence of the Agency shall be grounds for a suspension of service.
11. Any data file application, (including regional and local files) that could affect and cause degradation of service to other agencies must be authorized by the Department of Public Safety prior to implementation. The Department of Public Safety reserves the right to refuse such application on TLETS should resources not be available, or in the best interest of the TLETS agencies.

12. The Agency will be responsible for all costs associated with the operation of its terminal/interface, and may be required, should the Department of Public Safety not receive circuit funding, to assume circuit/VSAT costs if service is still desired.
13. Unless the Agency is in "inquiry only" status, the Agency may enter data into NCIC and TCIC, and exchange information on TLETS and NLETS, via the NCIC Operating and Code Manuals and the TLETS/NLETS Operating Manual for proper instructions for the use of the TLETS/NLETS and TCIC/NCIC systems.
14. The Department of Public Safety reserves the right to immediately suspend service to the Agency when applicable policies are violated. The Department of Public Safety may reinstate service following such instances upon receipt of satisfactory assurances that such violations have been corrected. All costs for reconnection service are the responsibility of the Agency. The Department of Public Safety shall have the authority to inspect and audit the equipment, records, and operations of the Agency to determine compliance.
15. Either the Department of Public Safety or the Agency may, upon 30 days notice, in writing, discontinue service.
16. The Agency is subject to audit by the following to ensure the Agency is in compliance with this TLETS Agency/Equipment Agreement, including all applicable rules, policies and procedures: Texas Department of Public Safety, the Federal Bureau of Investigation and any authorized agent or representative of the Texas Department of Public Safety or the Federal Bureau of Investigation.
17. The Agency will be responsible for the physical security of all DPS supplied equipment. The Agency Administrator, who executes this agreement, will also execute an equipment receipt form at the time of the equipment installation or at the time of the execution of this agreement if the equipment has already been installed.
18. This Agreement will become effective on _____

In WITNESS WHEREOF, the parties hereto caused this Agreement to be executed by the proper officers and officials.

TEXAS DEPARTMENT OF PUBLIC SAFETY

AGENCY ADMINISTRATOR

By: Steven C. McCraw

By: Scott McCollum

Printed Name: Steven C. McCraw

Printed Name: Scott McCollum

Title: Director

Title: POLICE CHIEF

Date: 08/03/2009

Date: 4/20/17

Contract No _____

CITY OF COLLEGE STATION

By: _____

Mayor

Date: _____

ATTEST:

City Secretary

Date: _____

APPROVED:

City Manager

Date: _____

City Attorney

Date: _____

Assistant City Manager/CFO

Date: _____



Legislation Details (With Text)

File #:	17-0211	Version:	1	Name:	Merchant Card /Credit Card Payment Processing services
Type:	Presentation	Status:		Status:	Consent Agenda
File created:	4/26/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion on approving a service contract with Global Payments Direct, Inc. for Merchant Card and Credit Card Payment Processing Services. This service contract is for an initial three (3) year term with an estimated annual not-to-exceed amount of \$850,000 for banking fees and service charges.				
Sponsors:	Mary Ellen Leonard				
Indexes:					
Code sections:					
Attachments:					

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion on approving a service contract with Global Payments Direct, Inc. for Merchant Card and Credit Card Payment Processing Services. This service contract is for an initial three (3) year term with an estimated annual not-to-exceed amount of \$850,000 for banking fees and service charges.

Relationship to Strategic Goals:

1. Core Services and Infrastructure

Recommendation(s): Staff recommends approval of the service contract for an initial term of three (3) years with two (2) additional one (1) year renewal options.

Summary: Summary: A competitive sealed proposal process was conducted and six (6) responses were received, evaluated and ranked. Upon completion of the evaluation process, Global Payments Direct, Inc. was determined to be the highest-ranking firm based on specified weighted selection criteria.

Responding to the citizen's demand for the ability to pay for fees and services with debit/credit cards, Utility Customer Service began accepting debit/credit cards for utility payments in May 2002. Since that time, Council has approved Municipal Court, Police, Parks, Accounting, Planning & Development, Northgate Garage and Northgate street meters to accept debit/credit card payments. These changes have been a convenience to the citizens and a necessary move due to the standard use of debit/credit cards in society. We accept Visa, Mastercard and Discover. The City receives a special (lower) interchange rate for municipal utilities. The fees associated with utility collections are built into the utility rates currently charged. February 2011, we began charging a convenience fee at Court for fines and fees paid using a debit/credit card because many fees collected are passed through to other agencies. The remainder of the City departments absorb the banking and service fees related to accepting debit/credit cards.

Our current contract with PayPros LLC (formerly Payment Processing, Inc.) was for an initial three (3) year term not to exceed \$750,000 annually. This contract ended December 15, 2016. In December 2016, Council approved month-to-month renewal(s) until Staff could develop, issue, and negotiate a new contract for credit card processing services. New negotiated service rates will save the city an estimated \$12,000 annually.

Budget & Financial Summary: Banking and services fees for accepting credit cards are charged to each department that accepts Visa, Mastercard and Discover. Following is the gross receipts by credit card and corresponding fees by department for FY 16 and estimated FY 17 fees.

	FY16 Gross Receipts	FY16 Fees	Estimated FY17 Fees
Utility Customer Service	\$ 48,878,803	\$ 541,013	\$ 585,115
Northgate Garage/Meters	846,928	63,119	69,431
Planning and Development	2,364,308	59,081	64,989
Court	3,464,871	34,941	38,435
Parks	1,114,299	19,229	21,151
Jail	120,939	1,322	1,454
Fiscal Services	51,385	1,271	1,399
	<u>\$ 56,841,534</u>	<u>\$ 719,977</u>	<u>\$ 781,974</u>

Reviewed and Approved by Legal: Yes

Attachments: Service Contract #17300033 is available for review in the City Secretary's office.

Legislation Details (With Text)

File #:	17-0217	Version:	1	Name:	Comprehensive Plan Amendment – Harvey Mitchell Parkway Campus Housing
Type:	Comprehensive Plan	Status:			Agenda Ready
File created:	4/27/2017	In control:			City Council Regular
On agenda:	5/11/2017	Final action:			
Title:	Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Suburban Commercial to Urban for approximately 4.74 acres located at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.				
Sponsors:	Madison Thomas				
Indexes:					
Code sections:					
Attachments:	Aerial and Small Area Map (SAM) Amendment Map Ordinance				

Date	Ver.	Action By	Action	Result
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Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Suburban Commercial to Urban for approximately 4.74 acres located at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.

Relationship to Strategic Goals:

- Good Governance
- Financially Sustainable City
- Core Services and Infrastructure
- Diverse Growing Economy

Recommendation(s): The Planning and Zoning Commission considered this item on April 20, 2017 and voted unanimously to recommend approval.

Summary: The applicant has requested the proposed Comprehensive Plan Future Land Use and Character Map amendment to Urban as a step toward permitting a multi-family residential housing development with retail space at 404 Harvey Mitchell Parkway South. This development is intended to serve as housing for students at the nearby Texas A&M University. The retail will serve the students in the multi-housing portion and the employees at the adjacent business. The subject property is designated as Suburban Commercial with the properties to the west primarily designated as Texas A&M University, Business Park and Institutional/Public (cemetery) and to the north, General Commercial on the Comprehensive Plan Future Land Use and Character Map.

REVIEW CRITERIA

- 1. Changed or changing conditions in the subject area or the City:** The City of College Station's Comprehensive Plan was adopted in 2009. This site was designated as Suburban Commercial and a part of the Presidential Corridor Gateway District on the Comprehensive Future Land Use and Character Map and Concept Plan. The Presidential Corridor Gateway District is an area that has been identified for opportunities for future growth and development with its close proximity to the Health Science Center, the Traditions development and Easterwood Airport. The focus of this district is on accommodating business (research and development, office and light industrial) that builds upon the assets in the area and protects and enhances this primary gateway into the City. The Suburban Commercial designation allows for concentrations of commercial activity to serve the nearby residents. Suburban Commercial areas tend to be small in size and located adjacent to major roads (arterials and collectors).

A recent Comprehensive Plan Amendment adjacent to Turkey Creek Road and Raymond Stotzer Parkway was approved for General Commercial and Multifamily. This Multifamily area, though nearby, is seen as different from the subject property for several reasons including its relationship to the "town center" part of the Research Valley Partnership's BioCorridor Master Plan, its location on a collector, and its natural greenway perimeter separating it from commercial. That Comprehensive Plan Amendment now provides for commercial on the part of the property adjacent to Raymond Stotzer Parkway and multi-family residential further back on the property.

- 2. Scope of the request:** Currently, the Comprehensive Plan Future Land Use and Character Map designates the area west of Harvey Mitchell Parkway S., approximately 22 acres, as Suburban Commercial. Continuing west, approximately 34 acres is designated Texas A&M University (property owned by the Texas A&M University System), and 58 acres of Public/Institutional (the City's cemetery). Across Harvey Mitchell Parkway S. to the east of this property, and across Raymond Stotzer Parkway to the south and southeast is all Texas A&M University property. The proposal is to convert approximately 5 acres from Suburban Commercial to Urban at the northwestern intersection of Harvey Mitchell Parkway S. and Raymond Stotzer Parkway. The Urban designation calls for areas to have a very intense level of development activity that tend to consist of townhomes, duplexes and high-density apartments. The applicant anticipates proposing a future rezoning for a high-density apartment complex with additional retail/commercial space on the first level on the site
- 3. Availability of adequate information:** The property has frontage on Raymond Stotzer Parkway (at a grade separated Freeway/Expressway on the Thoroughfare Plan) and Turkey Creek Road (designated a two-lane major collector). The change in land use designation is not expected to generate significantly more trips than the current land use designation. Properties in this area are served water through the City of College Station. Further infrastructure improvements may be necessary and will be determined through future development proposals.
- 4. Consistency with the goals and strategies set forth in the Plan:** The proposal is not consistent with the goals and strategies of the Comprehensive Plan. The subject property and surrounding area are identified in the Comprehensive Plan Concept Map as one of the City's distinct districts-the Presidential Corridor Gateway District-which seeks to preserve and build

upon the existing assets in the area enhancing this important gateway into the city. The Comprehensive Plan speaks to the purpose of this area in accommodating businesses (research and development, office, light industrial) that builds upon the assets in the area and protects and enhances this primary gateway into the City. An Urban designation supports residential uses and only minimal commercial uses if located in a growth or redevelopment area, which this is not designated as.

5. Consideration of the Future Land Use & Character and/or Thoroughfare Plans: The existing Future Land Use and Character designation on the property is Suburban Commercial:

This land use designation is generally for concentrations of commercial activities that cater primarily to nearby residents versus the larger community or region. Generally, these areas tend to be small in size and located adjacent to major roads (arterials and collectors). Design of these structures is compatible in size, roof type and pitch, architecture, and lot coverage with surrounding single-family residential use.

It is also designated as the Presidential Corridor Gateway District:

The Presidential Corridor Gateway District is an area that has been identified for opportunities for future growth and development with its close proximity to the Health Science Center, the Traditions development and Easterwood Airport. The focus of this district is on accommodating business (research and development, office and light industrial) that builds upon the assets in the area and protects and enhances this primary gateway into the City.

Urban is described as:

Generally for areas that should have a very intense level of development activities. These areas will tend to consist of townhomes, duplexes, and high-density apartments. General commercial and office uses, business parks, and vertical mixed-use may also be permitted within growth and redevelopment areas.

The Urban land use designation, when not in a Growth Area, is typically characterized by more dense residential developments in the form of duplexes, townhomes or apartments.

The property is located on the northwest corner of the grade separated interchange of Raymond Stotzer Parkway and Harvey Mitchell Parkway South, designated as a Six-Lane Major Arterial and Freeway, respectively on the City's Thoroughfare Plan. Construction has begun to convert this interchange to a diverging diamond interchange. The property's frontage is largely adjacent to a ramp off Harvey Mitchell Parkway, which significantly limits the site's accessibility. The interchange project will further limit the property's accessibility by removing the existing frontage road that runs along the cemetery towards the property. The only access point to this property will be through an existing driveway and access easement on the adjacent site, developed as an office park.

6. Compatibility with the surrounding area: The adjacent land uses are commercial businesses, the City's cemetery, and rights-of-way. Also in the area there are unimproved rural tracts varying in size. The Suburban Commercial designation is similar to the existing commercial designations along Harvey Mitchell Parkway. These existing developments are

slightly denser than rest of the surrounding properties, but should be as they are located adjacent to a major highway, which is ideal for commercial uses. An Urban designation would allow for completely different uses, and would create a different character than these existing properties currently provide. An Urban designation would allow high-density residential uses to be surrounded by existing commercial uses and freeways.

This land is located adjacent to the intersection of Raymond Stotzer Parkway and Harvey Mitchell Parkway South, beside the city cemetery and across from Easterwood Airport. Being bordered on two sides by TxDOT roads, this site has accessibility restrictions and must take access through the existing commercial property to the north. The cemetery to the west prohibits any type of future development or potential connectivity. The proposed amendment, is not consistent with the planned future development pattern in the area, and is not compatible as supporting land uses for the area.

7. Impacts on infrastructure including water, wastewater, drainage, and the transportation network:

Water service to the subject tract may be provided by an existing 10-inch line along the front of the property. Domestic and fire flow demand may necessitate future water main extensions with site development. These utilities will be required to be designed and constructed in accordance with the BCS Unified Design Guidelines.

The site also has existing 6-inch sanitary sewer mains along the northern and western property lines and a lift station located near the northwestern corner. Wastewater for select properties, including this tract, are subject to an Interlocal Agreement (ILA) with Texas A&M University in which they have agreed to accept an enumerated sewer demand into their system. Based on preliminary demands provided, the ILA and lift station capacity appear to be adequate. The sewer demands will need to be evaluated again with the rezoning and site plan to confirm that the capacity allocated by this development will not be exceeded.

Stormwater from the site generally discharges to the northeast within the White Creek drainage basin. There is no FEMA regulated floodplain on site. The property has an existing detention pond at the southern corner, which will need to be evaluated with site development to confirm that the pond has adequate capacity to serve the entire site. Any necessary drainage improvements will need to be designed and constructed in accordance with the BCS Unified Stormwater Design Guidelines.

The site will have access to Harvey Mitchell Parkway through an existing driveway and cross access easement on the adjacent site. No additional access points can be permitted due to the property's proximity to the existing ramp on Harvey Mitchell Parkway.

8. Impact on the City's ability to provide, fund, and maintain services: The proposed amendment will allow for increased density. At this time there are concerns regarding the availability of adequate access. Other City services are not anticipated to be negatively affected by this amendment.

9. Impact on environmentally sensitive and natural areas: This area is not recognized as environmentally sensitive.

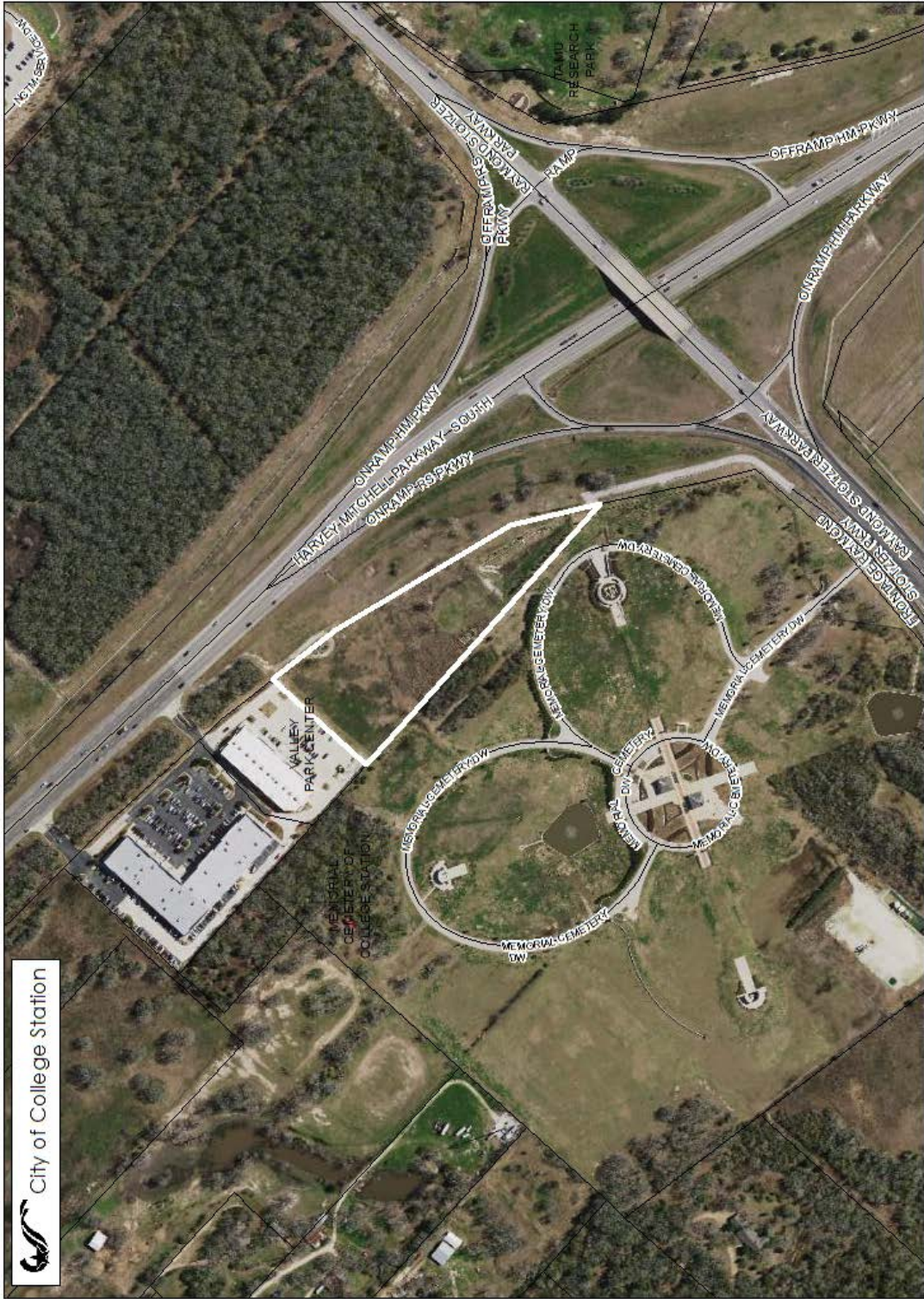
- 10. Contribution to the overall direction and character of the community as captured in the Plan's vision and goals:** The goal for College Station's Future Land Use and Character is to create a community with strong, unique neighborhoods, protected rural areas, special districts, distinct corridors, and a protected and enhanced natural environment. The proposed amendment from Suburban Commercial to Urban on about five acres does not contribute to the general goals of the Comprehensive Plan. The amendment is proposing a density and type of service that is not compatible with the planned growth of the Presidential Corridor Gateway District.

Budget & Financial Summary: N/A

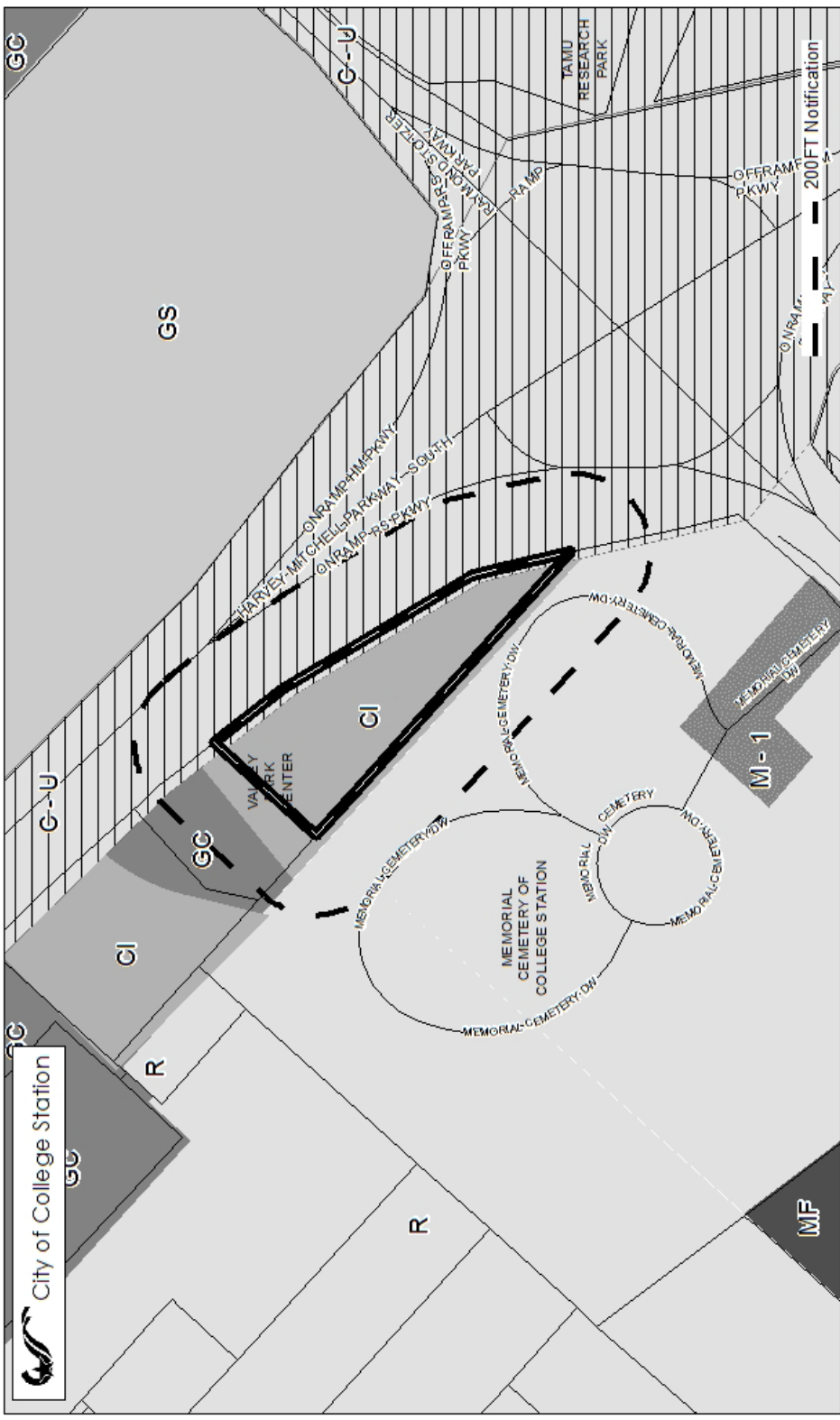
Legal Review: Yes

Attachments:

1. Aerial and Small Area Map
2. Comprehensive Plan Map
3. Ordinance



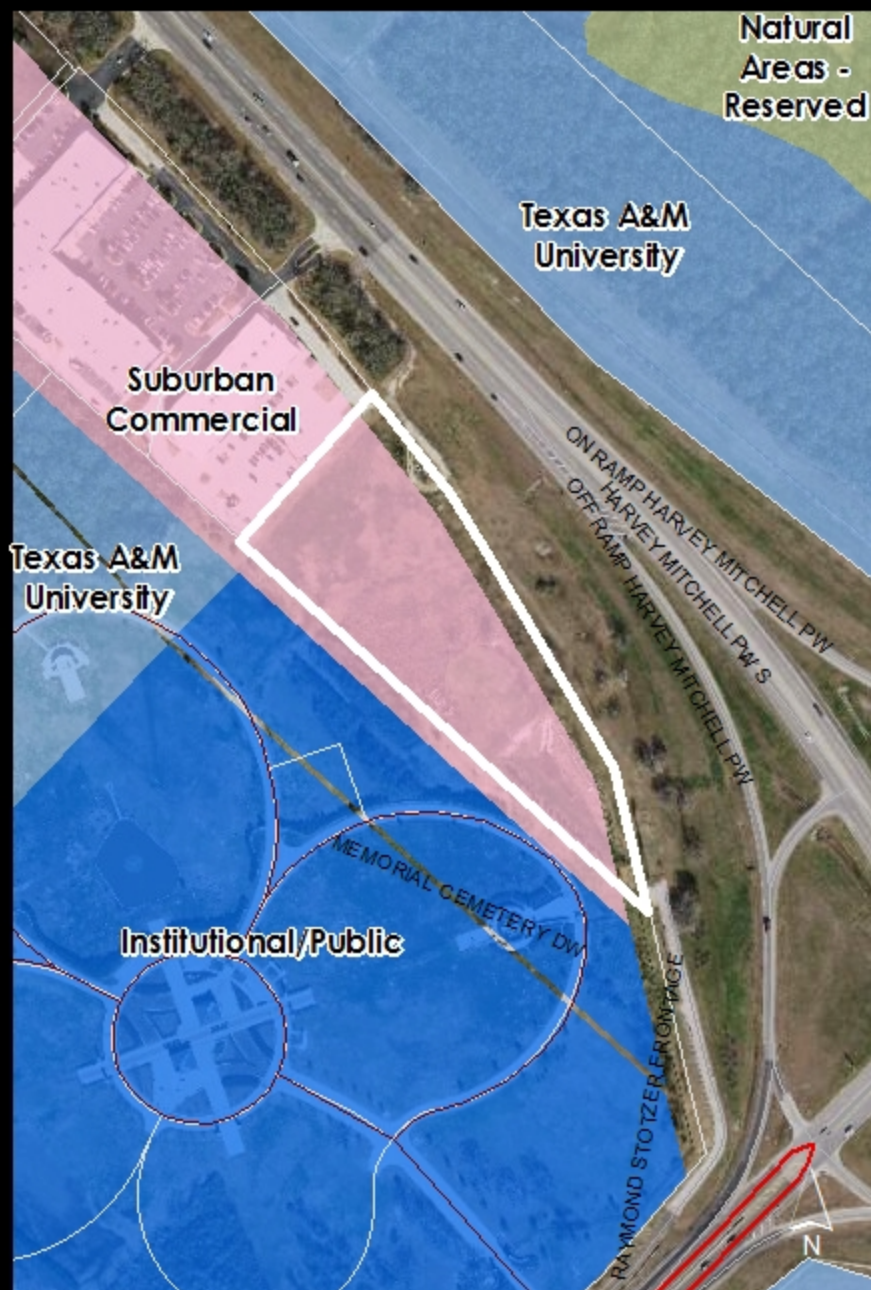
City of College Station



ZONING DISTRICTS (In Grayscale)

Residential	MU	Mixed-Use	CI	Commercial Industrial	Design Districts	Overlay Districts	Retired Districts
R Rural	MHP Manufactured Home Pk.		BP Business Park	WPC Wolf Pen Creek Dev. Cor.	OV Corridor Ovr.	R-1B Single Family Residential	
E Estate			BPI Business Park Industrial	NG-1 Core Northgate	RDD Redevelopment District	R-4 Multi-Family	
RS Restricted Suburban			C-U College and University	NG-2 Transitional Northgate	KO Krenak Tap Ovr.	R-8 High Density Multi-Family	
GS General Suburban				NG-3 Residential Northgate	NPO Nbrhd. Prevailing Ovr.	RD Research and Dev.	
D Duplex					NCO Nbrhd. Conservation Ovr.	M-1 Light Industrial	
T Townhome					HP Historic Preservation Ovr.	M-2 Heavy Industrial	
MF Multi-Family							

EXISTING Future Land Use



PROPOSED Future Land Use



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF COLLEGE STATION, TEXAS, AMENDING THE COLLEGE STATION COMPREHENSIVE PLAN BY AMENDING THE COMPREHENSIVE PLAN - FUTURE LAND USE & CHARACTER MAP FROM SUBURBAN COMMERCIAL TO URBAN FOR APPROXIMATELY 4.74 ACRES LOCATED AT 404 HARVEY MITCHELL PARKWAY SOUTH, GENERALLY LOCATED AT THE CORNER OF HARVEY MITCHELL PARKWAY SOUTH AND RAYMOND STOTZER PARKWAY, PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; AND CONTAINING OTHER PROVISIONS RELATED THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the “Comprehensive Plan of the City of College Station” is hereby amended by adding a new Subsection C.2.aa of Exhibit “A” thereto as set out in Exhibit “A” attached hereto and made a part hereof; and by amending the “Comprehensive Plan Future Land Use and Character Map,” as set out in Exhibit “B” attached hereto for the identified area and made a part hereof for all purposes.

PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.

PART 5: That this ordinance shall take effect immediately from and after its passage.

PASSED, ADOPTED and APPROVED this 27th day of April, 2017.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:

City Attorney

EXHIBIT “A”

That ordinance no. 3186 adopting the “Comprehensive Plan of the City of College Station” as amended, is hereby amended by adding a new subsection C.2.aa to Exhibit “A” of said plan for Exhibit “A” to read in its entirety as follows:

“EXHIBIT ‘A’**A. Comprehensive Plan**

The College Station Comprehensive Plan (Ordinance 3186) is hereby adopted and consists of the following:

1. Existing Conditions;
2. Introduction;
3. Community Character;
4. Neighborhood Integrity;
5. Economic Development;
6. Parks, Greenways & the Arts;
7. Transportation;
8. Municipal Services & Community Facilities;
9. Growth Management and Capacity; and
10. Implementation and Administration.

B. Master Plans

The following Master Plans are hereby adopted and made a part of the College Station Comprehensive Plan:

1. The Northgate Redevelopment Plan dated November 1996;
2. The Revised Wolf Pen Creek Master Plan dated 1998;
3. Northgate Redevelopment Implementation Plan dated July 2003;
4. East College Station Transportation Study dated May 2005;
5. Parks, Recreation and Open Space Master Plan dated May 2005;
6. Park Land Dedication Neighborhood Park Zones Map dated January 2009;
7. Park Land Dedication Community Park Zones map dated April 2009;
8. Bicycle, Pedestrian, and Greenways Master Plan dated January 2010;
9. Central College Station Neighborhood Plan dated June 2010;
10. Eastgate Neighborhood Plan dated June 2011;
11. Recreation, Park and Open Space Master Plan dated July 2011;
12. Southside Area Neighborhood Plan dated August 2012;
13. Medical District Master Plan dated October 2012;
14. Wellborn Community Plan dated April 2013;
15. Economic Development Master Plan dated September 2013;

16. South Knoll Area Neighborhood Plan dated September 2013;
17. The Water System Master Plan dated April 2017; and
18. The Wastewater System Master Plan dated April 2017.

C. Miscellaneous Amendments

The following miscellaneous amendments to the College Station Comprehensive Plan are as follows:

1. Text Amendments:

- a. Chapter 2 “Community Character,” “Growth Areas” by amending the text regarding Growth Area IV and Growth Area V – Ordinance 3376, dated October 2011.
- b. Chapter 6 “Transportation” by amending the text regarding Complete Streets, Context Sensitive Solutions, Minimum Length and Additional Right-of-Way for Turn Lanes at Intersections, and Right-of-Way for Utilities – Ordinance 3729, dated December 10, 2015.
- c. Chapter 2 “Community Character,” Chapter 3 “Neighborhood Integrity,” Chapter 4 “Economic Development,” Chapter 5 “Parks, Greenways, and the Arts,” and Chapter 7 “Municipal Services and Community Facilities” by amending the text based on the recommendation of the Comprehensive Plan Five-Year Evaluation & Appraisal Report – Ordinance 3730 dated December 10, 2015.
- d. Chapter 8 “Growth Management & Capacity” by amending the text based on recommendations from the Annexation Task Force – Ordinance 3766, dated April 28, 2016.

2. Future Land Use and Character Map Amendment:

- a. 301 Southwest Parkway – Ordinance 3255, dated July 2010.
- b. Richards Subdivision – Ordinance 3376, dated October 2011.
- c. Earl Rudder Freeway at University Oaks – Ordinance 3465, dated November 19, 2012
- d. 1600 University Drive East – Ordinance 3535, dated November 14, 2013.
- e. 2560 Earl Rudder Freeway S. – Ordinance 3541, dated December 12, 2013.
- f. 13913 FM 2154. – Ordinance 3546, dated January 9, 2014.
- g. 2021 Harvey Mitchell Parkway – Ordinance 3549, dated January 23, 2014.
- h. 1201 Norton Lane – Ordinance 3555, dated February 27, 2014.
- i. 3715 Rock Prairie Road West – Ordinance 3596, dated August 25, 2014.
- j. 4201 Rock Prairie Road – Ordinance 3670, dated July 9, 2015.
- k. The approximately 40 acres of land generally located east of FM 2154 (aka Wellborn Road), south of the Southern Trace Subdivision, west of State Highway 40 (aka William D. Fitch Parkway), and north of Westminster Subdivision – Ordinance 3731, dated December 10, 2015.
- l. The approximately 120 acres of land generally located south of Barron Cut-Off Road, west of WS Phillips Parkway, north of the Castlegate II Subdivision, and east of the Wellborn Community – Ordinance 3732, dated December 10, 2015.
- m. The approximately 900 acres of land generally located south of Greens Prairie Road West, east of the Sweetwater Subdivision, and north of Arrington Road – Ordinance 3733, dated December 10, 2015.

- n. The approximately 17.788 acres of land generally located at the corner of Turkey Creek Road and Raymond Stotzer Parkway frontage road.– Ordinance 3752, dated March 10, 2016.
- o. The approximately 9 acres of land generally located north of the Crossroad Woods Subdivision near the intersection of Wellborn Road (FM 2154) and Greens Prairie Trail – Ordinance 3779, dated June 9, 2016
- p. The approximately 16 acres located at 8607 Rock Prairie Road, generally located at the north of Rock Prairie Road and west of William D. Fitch Parkway – Ordinance 3794, dated August 11, 2016.
- q. The approximately 14.25 acres of land located at 2501 Earl Rudder Freeway South, generally located north of North Forest Parkway and south of Raintree Drive, along the east side of Earl Rudder Freeway South – Ordinance 3799, dated August 25, 2016.
- r. The approximately 7 acres of land located along the south side of State Highway 30, south of Veterans Memorial Park – Ordinance 3828, dated October 27, 2016.
- s. The approximately 58 acres of land generally located along the east side of State Highway 6 South, north of W.D. Fitch parkway and south of the future Pebble Creek Parkway extension –Ordinance 3830, dated October 27, 2016.
- t. The approximately 2 acres of land generally located on Corsair Circle north of Pavilion Avenue – Ordinance 3846, dated December 8, 2016.
- u. The approximately 18 acres of land generally located at the southeast corner of Sebesta Road and Earl Rudder Freeway frontage road – Ordinance 3848, dated December 8, 2016.
- v. The approximately 6 acres of land being situated in the Pooh’s Park Subdivision, Block 1, Lots 6-14 recorded in Volume 314, Page 618 of the deed records of Brazos County, Texas, located at 204, 206, 208, 210, 212, 214, 216, 218, and 220 Holleman Drive east, more generally southwest of the intersection of Holleman Drive East and Lassie Lane by – Ordinance 3850, dated January 12, 2017.
- w. The approximately 6.3 acres of land generally located northeast intersection of Copperfield Parkway and Crescent Pointe Parkway - Ordinance 3859, dated February 9, 2017.
- x. The approximately 11.3 acres of land generally located at the southeast intersection of Earl Rudder Freeway South and Emerald Parkway – Ordinance 3875, dated April 27, 2017.
- y. The approximately 232 acres of land generally located south of Rock Prairie Road - 3877, dated April 27, 2017.
- z. The approximately 5.96 acres of land generally located in the northeast corner of Associates Avenue and Harvey Road intersection. – Ordinance 3879, dated April 27, 2017.
- aa. The approximately 4.74 acres of land generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway – by this ordinance dated May 11, 2017.

3. Concept Map Amendment:

- a. Growth Area IV – Ordinance 3376, dated October 2011.

- b. Growth Area V – Ordinance 3376, dated October 2011.
- 4. Thoroughfare Map Amendment:
 - a. Raintree Drive – Ordinance 3375, dated October 2011.
 - b. Birkdale Drive – Ordinance 3375, dated October 2011.
 - c. Corsair Circle – Ordinance 3375, dated October 2011.
 - d. Deacon Drive – Ordinance 3375, dated October 2011.
 - e. Dartmouth Drive – Ordinance 3375, dated October 2011.
 - f. Farm to Market 60 – Ordinance 3375, dated October 2011.
 - g. Southwest Parkway – Ordinance 3375, dated October 2011.
 - h. Cain Road extension – Ordinance 3639, dated February 26, 2015.
 - i. Update to Chapter 6 Maps- Ordinance 3729, dated December 10, 2015.
 - j. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
- 5. Bicycle, Pedestrian and Greenways Master Plan Amendment:
 - a. Cain Road extension – Ordinance 3639, dated February 26, 2015
 - b. Update to Maps 5.4 and 5.5- Ordinance 3729, dated December 10, 2015.
 - c. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
 - d. Update to Maps 5.4 and 5.5 – Ordinance 3877, dated April 27, 2017.

D. General

- 1. Conflict. All parts of the College Station Comprehensive Plan and any amendments thereto shall be harmonized where possible to give effect to all. Only in the event of an irreconcilable conflict shall the later adopted ordinance prevail and then only to the extent necessary to avoid such conflict. Ordinances adopted at the same city council meeting without reference to another such ordinance shall be harmonized, if possible, so that effect may be given to each.
- 2. Purpose. The Comprehensive Plan is to be used as a guide for growth and development for the entire City and its extra-territorial jurisdiction (“ETJ”). The College Station Comprehensive Plan depicts generalized locations of proposed future land-uses, including thoroughfares, bikeways, pedestrian ways, parks, greenways, and waterlines that are subject to modification by the City to fit local conditions and budget constraints.
- 3. General nature of Future Land Use and Character. The College Station Comprehensive Plan, in particular the Future Land Use and Character Map found in A.3 above and any adopted amendments thereto, shall not be nor considered a zoning map, shall not constitute zoning regulations or establish zoning boundaries and shall not be site or parcel specific but shall be used to illustrate generalized locations.
- 4. General nature of College Station Comprehensive Plan. The College Station Comprehensive Plan, including the Thoroughfare Plan, Bicycle, Pedestrian, and Greenways Master Plan, Central College Station Neighborhood Plan, Water System Master Plan and any additions, amendments, master plans and subcategories thereto depict same in generalized terms including future locations; and are subject to modifications by the City to fit local conditions, budget constraints, cost participation, and right-of-way availability that warrant further refinement as development occurs. Linear routes such as bikeways, greenways, thoroughfares, pedestrian ways, waterlines and sewer lines that are a part of the College Station Comprehensive Plan may be relocated by the City 1,000 feet from the locations shown in the Plan without being considered an amendment thereto.

5. Reference. The term College Station Comprehensive Plan includes all of the above in its entirety as if presented in full herein, and as same may from time to time be amended.”

EXHIBIT “B”

That the “Comprehensive Plan of the City of College Station” is hereby amended by amending a portion of the map titled “Map 2.2-Future Land Use & Character” of Chapter 2 –Community Character” from Suburban Commercial to Urban shown as follows:

PROPOSED Future Land Use



EXISTING Future Land Use





Legislation Details (With Text)

File #:	17-0218	Version:	1	Name:	PDD Rezoning - 404 Harvey Mitchell Parkway South
Type:	Rezoning	Status:		Status:	Agenda Ready
File created:	4/27/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Public Hearing, presentation, possible action, and discussion regarding an ordinance amending Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from CI Commercial Industrial to PDD Planned Development District for approximately 4.74 acres being situated in the City of College Station, Brazos County, Texas, at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.				
Sponsors:	Madison Thomas				
Indexes:					
Code sections:					
Attachments:	Background Information Aerial and Small Area Map Rezoning Map Ordinance.pdf				

Date	Ver.	Action By	Action	Result
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Public Hearing, presentation, possible action, and discussion regarding an ordinance amending Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas by changing the zoning district boundaries from CI Commercial Industrial to PDD Planned Development District for approximately 4.74 acres being situated in the City of College Station, Brazos County, Texas, at 404 Harvey Mitchell Parkway South, generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway.

Relationship to Strategic Goals:

- Good Governance
- Financially Sustainable City
- Core Services and Infrastructure
- Diverse Growing Economy

Recommendation(s): The Planning and Zoning Commission considered this item at the April 6, 2017 meeting and voted 6-0 to recommend approval.

Summary: The applicant has requested a PDD Planned Development District rezoning at this location to allow for multi-family development that will consist of attached units that meet the MF Multi-Family Zoning Regulations and accessory commercial uses in the ground level of one of the buildings. Vehicular access will be taken through the adjacent property to the north, via a private access easement. There will be a multi-use path, for walkers and bikers that will be provided through

the property.

REZONING REVIEW CRITERIA

1. **Consistency with the Comprehensive Plan:** The subject area is designated on the Comprehensive Plan Future Land Use and Character Map as Suburban Commercial. The Comprehensive Plan states that this designation is for small concentrations of commercial activities adjacent to major roads that cater primarily to nearby residents versus the larger community or region. The proposed zoning permits high-density multi-family development and lower-density commercial uses that are meant to provide services to the residential uses and nearby existing commercial development. Adjacent properties along Harvey Mitchell Parkway are also designated as Suburban Commercial on the Comprehensive Plan Future Land Use and Character Map. Currently, this proposed rezoning is not consistent with the Comprehensive Plan, but if the proposed Comprehensive Plan Amendment to Urban passes, then this proposed rezoning would allow the property to be developed consistent with the Comprehensive Plan.
2. **Compatibility with the present zoning and conforming uses of nearby property and with the character of the neighborhood:** The current zoning, CI Commercial Industrial is compatible with adjacent properties that are zoned GC General Commercial and R Rural, and a neighboring property that is also CI Commercial Industrial zoning. The commercial zoning shares similar uses, while the rural zoning is where a cemetery is located. Similar zoning uses is encouraged for these three properties as they share one access point off of Harvey Mitchell Parkway South.
3. **Suitability of the property affected by the amendment for uses permitted by the district that would be made applicable by the proposed amendment:** A zoning change to allow for multi-family development and some commercial uses would not be consistent with current neighboring uses. This change in zoning use would permit substantially different and much higher density uses on this property and allowing high density multi-family will create a dynamic change in the way this area is used. Due to access limitations, this property would rely on access through the neighboring developed commercial uses. This will significantly increase the traffic through the existing sites. It also might have unforeseen effects on the marketability of these sites as commercial establishments. Commercial businesses keep regular operating hours and weekday use, where a multi-family development will be accessed all hours of the day and all days of the week. Commercial uses also stay mostly inside a building, where the residential uses utilize both indoor and outdoor amenities. The use of outdoor amenities will change the current outdoor atmosphere, as with current surrounding uses there is little to no outdoor activity with the exception of the cemetery. Easterwood Airport is also located across Raymond Stotzer Parkway. Airports can create noise pollution that might be more undesirable to those that reside nearby opposed to those there during working hours.
4. **Suitability of the property affected by the amendment for uses permitted by the district applicable to the property at the time of the proposed amendment:** There are few properties zoned for commercial-industrial uses within the city, preserving existing is ideal. This property is adjacent to a property zoned GC General Commercial, and R Rural. The neighboring properties are also zoned R Rural and CI Commercial Industrial. The commercial uses are all similar in density and use. The adjacent Rural zoned property is currently a cemetery. Due to limitations in access, any higher density or usages could create potential conflicts in accessibility. Currently all adjacent properties are successfully being used for general commercial and

commercial industrial uses.

5. Marketability of the property affected by the amendment for uses permitted by the district applicable to the property at the time of the proposed amendment: The property could be marketed as commercial industrial as it is now. There are no issues that would prohibit the use of this property as it is currently zoned. The nearby properties with the same and similar zoning and uses, that would share access with this property, have buildings that are currently being leased. The applicant has stated that he has had difficulty marketing this property based on its currently zoning per his application.

6. Availability of water, wastewater, stormwater, and transportation facilities generally suitable and adequate for the proposed use: Water service to the subject tract may be provided by an existing 10-inch line along the front of the property. Domestic and fire flow demand may necessitate future water main extensions with site development. These utilities will be required to be designed and constructed in accordance with the BCS Unified Design Guidelines.

The site also has existing 6-inch sanitary sewer mains along the northern and western property lines and a lift station located near the northwestern corner. Wastewater for select properties, including this tract, are subject to an Interlocal Agreement (ILA) with Texas A&M University in which they have agreed to accept an enumerated sewer demand into their system. Based on preliminary demands provided, the ILA and lift station capacity appear to be adequate.

Stormwater from the site generally discharges to the northeast within the White Creek drainage basin. There is no FEMA regulated floodplain on site. The property has an existing detention pond at the southern corner, which will need to be evaluated with site development to confirm that the pond has adequate capacity to serve the entire site. Any necessary drainage improvements will need to be designed and constructed in accordance with the BCS Unified Stormwater Design Guidelines.

The site will have access to Harvey Mitchell Parkway South through an existing driveway and cross-access easement on the adjacent site. No additional access points can be permitted due to the property's proximity to the existing ramp on Harvey Mitchell Parkway south. A TIA was not required, as the proposed land use classification change is expected to generate less than 150 vehicle trips during any peak hour period.

SUMMARY OF CONCEPT PLAN

The Concept Plan provides an illustration of the general layout of the proposed building and parking areas as well as other site related features. In proposing a PDD, an applicant may also request variations to the general platting and site development standards provided that those variations are outweighed by demonstrated community benefits of the proposed development. The Unified Development Ordinance provides the following review criteria for PDD Concept Plans:

1. The proposal will constitute an environment of sustained stability and will be in harmony with the character of the surrounding area: The Concept plan proposes Urban land use to allow for high-density multi-family. Due to the location, the limited access available and surrounding commercial uses, the proposed use of multi-family is not harmonious with the character of the surrounding area. The surrounding area is mostly commercial developments that consist of office use.

2. **The proposal is in conformity with the policies, goal and objectives of the Comprehensive Plan, and any subsequently adopted Plans, and will be consistent with the intent and purpose of this Section:** The proposed Concept Plan is not in conformity with the policies, goals, and objectives of the Comprehensive Plan. This property is currently designated as Suburban Commercial on the Comprehensive Plan, the applicant is proposing a change to an Urban designation.
3. **The proposal is compatible with existing or permitted uses on abutting sites and will not adversely affect adjacent development:** The proposed multi-family development is not compatible with the adjacent commercial uses. This type of development has different hours of use, transportation needs and types of use (indoor and outdoor) than the neighboring cemetery and adjacent office uses.
4. **Every dwelling unit need not front on a public street but shall have access to a public street directly or via a court, walkway, public area, or area owned by a homeowners association:** Dwelling units will have access to a public street via driveway and public access easement through the adjacent property.
5. **The development includes provision of adequate public improvements, including, but not limited to, parks, school, and other public facilities:** There are currently no additional provisions for public facilities or improvements outside of what is required with the development of the site.
6. **The development will not be detrimental to the public health, safety, welfare or materially injurious to properties or improvements in the vicinity:** The subject property will be required to meet all City requirements and should not be detrimental to the public health, safety, welfare or materially injurious to properties or improvements in the vicinity.
7. **The development will not adversely affect the safety and convenience of vehicular, bicycle or pedestrian circulation in the vicinity, including traffic reasonably expected to be generated by the proposed use and other uses reasonably anticipated in the area considering existing zoning and land uses in the area:** The proposed development will create additional traffic within the property and adjacent properties due to the site's limited access. This site must be accessed through the existing commercial development. A TIA was not required due to the zoning classification expecting to generate less than 150 vehicle trips during any peak hour period.

General:

The purpose of the PDD Planned Development District rezoning would be to permit a base zoning of MF Multi-Family with allowed associated restaurant uses up to 2,000 square feet. Due to concerns from the previous rezoning request to MF Multi-family, the applicant has requested a PDD to allow for a concept plan to show buffering and a multi-use path on the side adjacent to the City cemetery. The subject property will be accessed through the neighboring commercial properties to the north via a proposed access easement. There is a multi-use pathway that the applicant has proposed that will connect Raymond Stotzer Parkway with existing commercial developments and the proposed multi-family development. Allowing commercial properties and the proposed multi-family developments to

access Texas A&M University by walking or biking. The applicant has proposed this as a supplement to the single access available for vehicular transportation. The complex proposes outdoor amenity spaces located to the east of the property, closest to Harvey Mitchell Parkway, with the residential buildings proposed along the property lines. The PDD states that the maximum building height will be four stories tall, with a maximum of 142 multi-family units. The concept plan also proposes to increase the buffer area between the property and the Aggie Field of Honor to 25 feet and to include landscaping within this buffer area. This proposal is to address previous concerns from Council on the potential visual and audible degradation of the cemetery due to this development. They will also replace the existing chain-link fence along the property line with a privacy fence to enhance the buffer and meet buffering requirements.

Base Zoning and Meritorious Modifications:

The proposed base zoning will be MF Multi-Family with a modification to limit the commercial portion to a maximum of 2,000 square feet and with a limitation to restaurant uses only. MF Multi-Family zoning traditionally permits non-residential uses up to a maximum of 50 percent of the total floor area if incorporated into the residential structure.

Community Benefit:

The applicant is proposing a 10' wide multi-use path that runs along the west side of the property, adjacent to the cemetery and proposed vegetative buffering. This path is to provide connectivity from the multi-family and commercial portions of property and adjacent ones to the path that TxDOT is providing along Royder Road to Texas A&M University.

Budget & Financial Summary: N/A
Legal Review: Yes

Attachments:

1. Background information
2. Aerial and Small Area Map
2. Rezoning Map
3. Ordinance

NOTIFICATIONS

Advertised Commission Hearing Date: April 20, 2017
Advertised Council Hearing Date: May 11, 2017

The following neighborhood organizations that are registered with the City of College Station's Neighborhood Services have received a courtesy letter of notification of this public hearing:

N/A

Property owner notices mailed: Four
Contacts in support: None at the time of the staff report
Contacts in opposition: None at the time of the staff report
Inquiry contacts: None at the time of the staff report

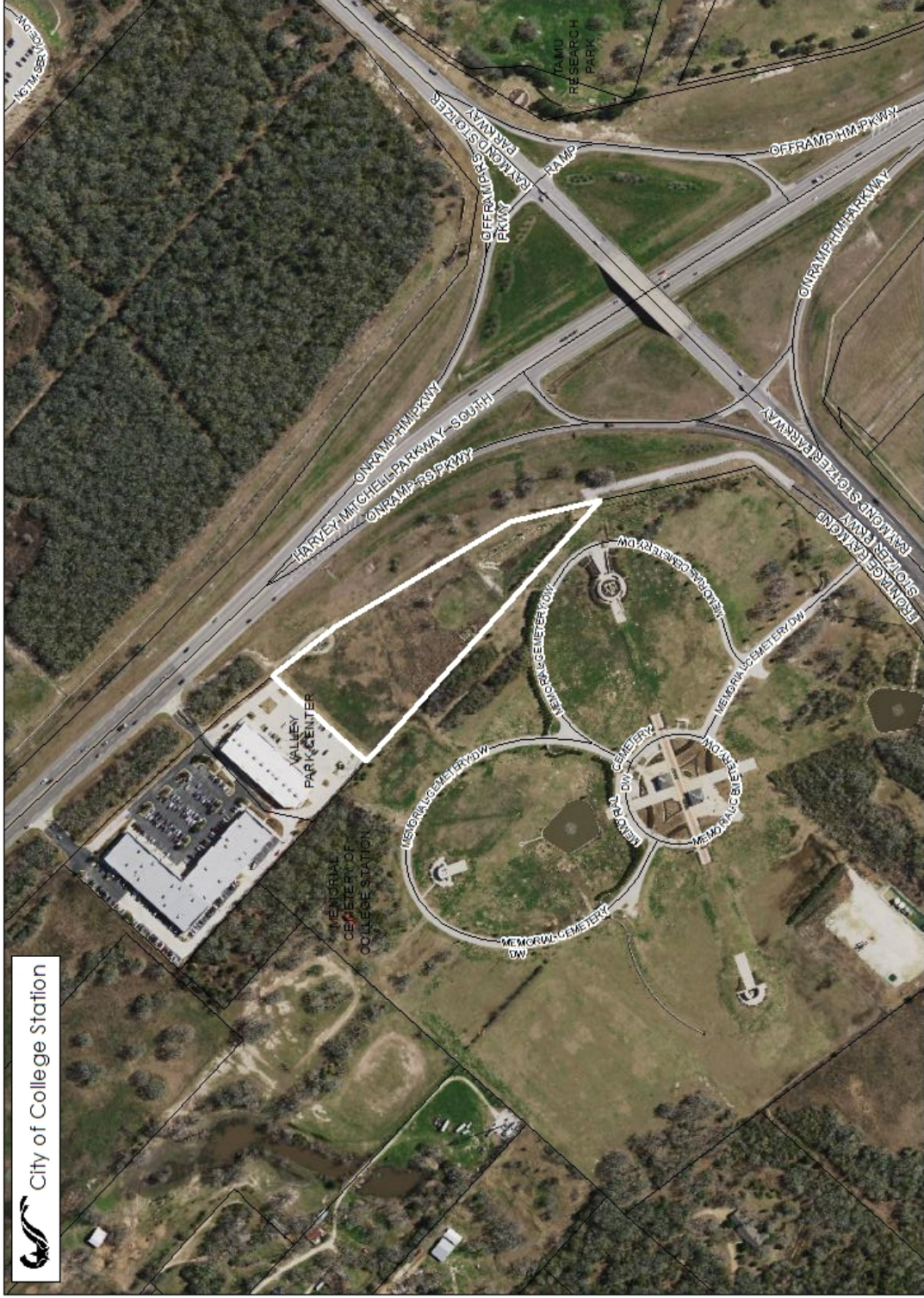
ADJACENT LAND USES

Direction	Comprehensive Plan	Zoning	Land Use
North	Suburban Commercial	CI Commercial Industrial and GC General Commercial	Commercial Business
South (Across Raymond Stotzer)	Texas A&M University	C-U College University	Easterwood Airport
East (across Harvey Mitchell Pkwy)	Texas A&M University	C-U College University	Texas A&M Property
West	Institutional/Public and Texas A&M University	R Rural	Cemetery

DEVELOPMENT HISTORY

Annexation: 1970
Zoning: R-1 upon annexation (1970)
C-1 General Commercial to C-2 Commercial Industrial (2005)
C-2 Commercial Industrial renamed CI Commercial Industrial (2012)
Final Plat: 2011, Valley Park Center
Site development: Vacant
History: The property is the south portion of three property that are designated for commercial use. They share a single driveway off of Harvey Road. The two norther lots have been developed for commercial and office related uses, with this lower lot still undeveloped. The request to amend the Comprehensive Plan Future Land Use and Character Map to Urban was originally heard by the Planning and Zoning Commission on June 16, 2016 and then by the City Council on July 14, 2016. The request was denied due to concerns about the access to the property through the existing commercial uses and the proposed multi-family use potentially diminishing the atmosphere of the Aggie Field of Honor. The applicant has resubmitted

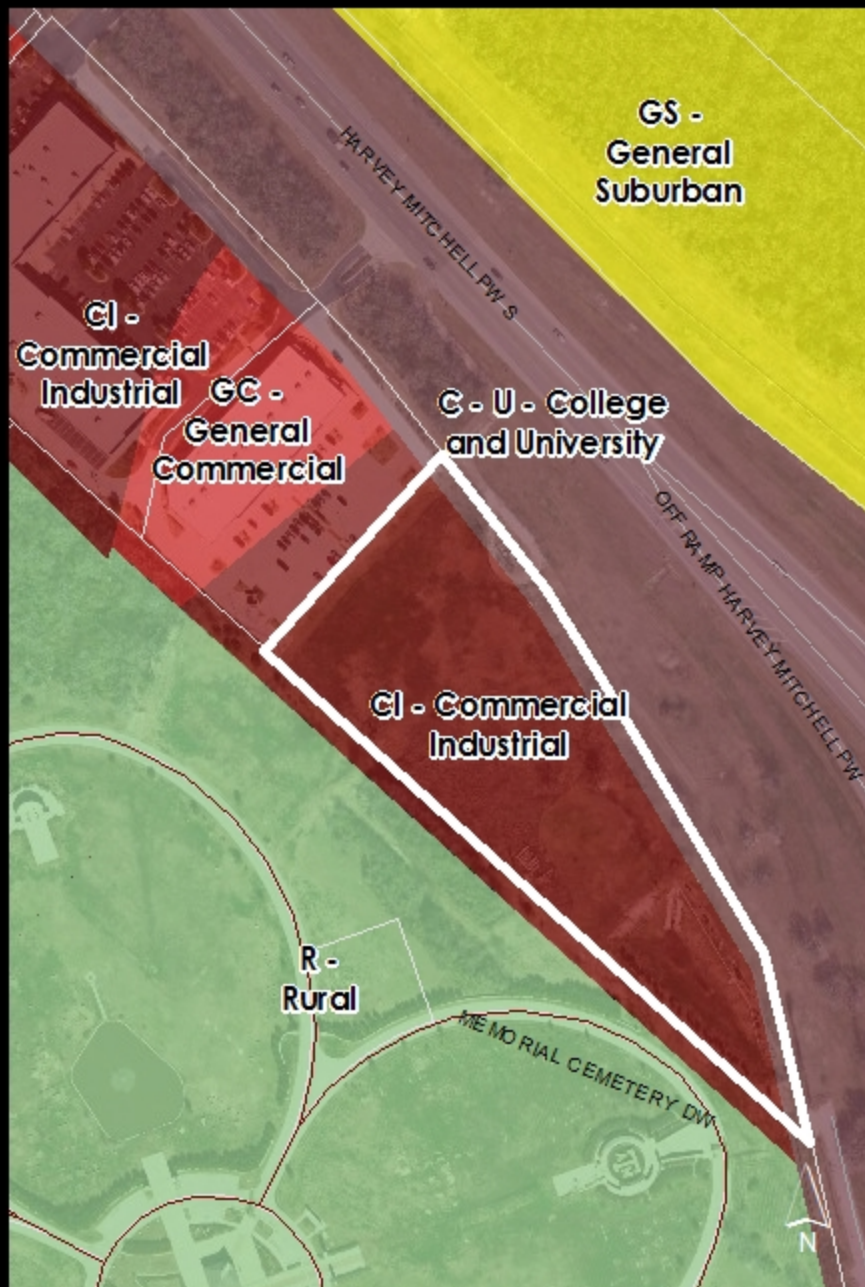
the same Comprehensive Amendment request, with a request to rezone the property to a PDD to with a base zoning of MF Multi-Family.



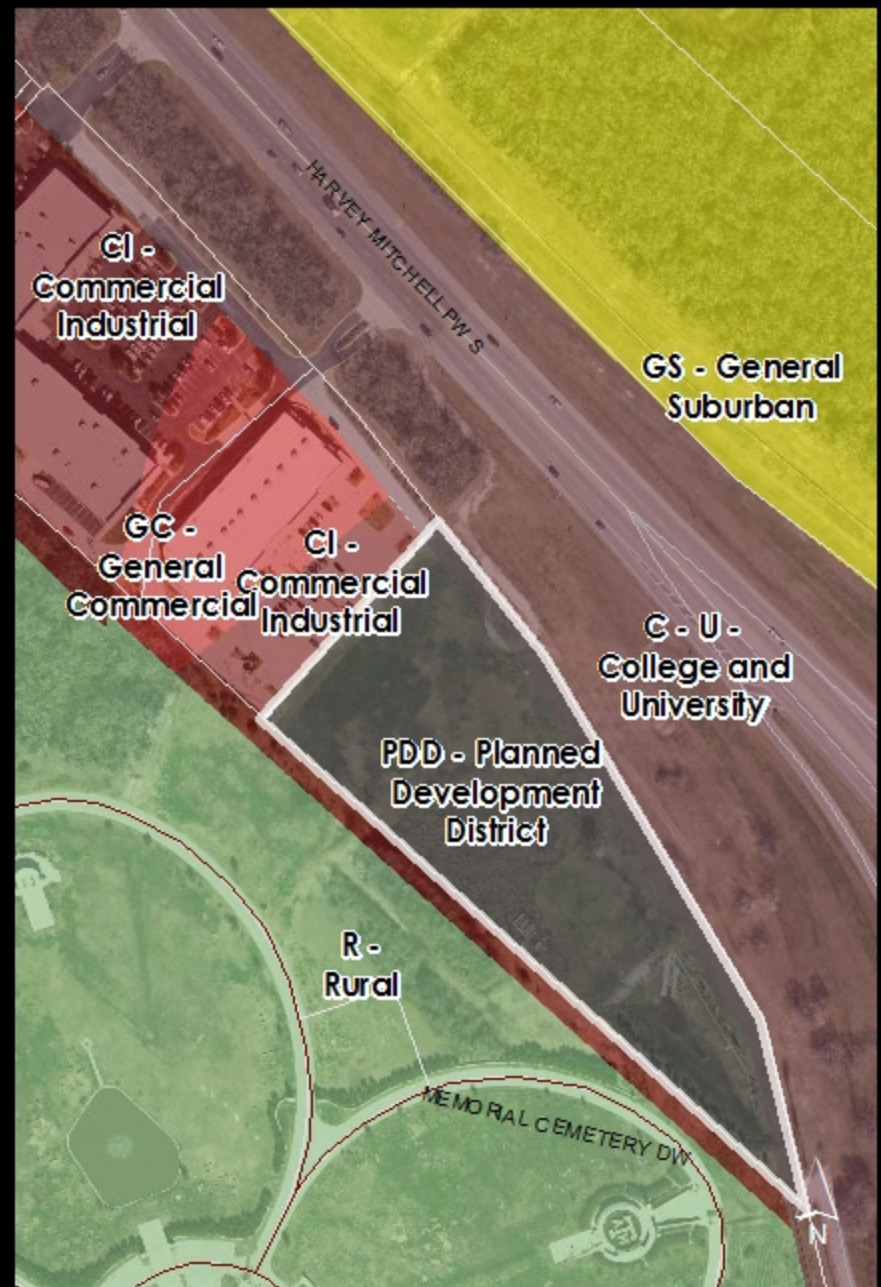
City of College Station

THE RECIDENCIES AT UNIVERSITY		Case: REZ2016-000035	REZONING
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EXISTING Zoning



PROPOSED Zoning



ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 12, "UNIFIED DEVELOPMENT ORDINANCE," SECTION 12-4.2, "OFFICIAL ZONING MAP," OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY CHANGING THE ZONING DISTRICT BOUNDARIES FROM CI COMMERCIAL INDUSTRIAL TO PDD PLANNED DEVELOPMENT DISTRICT FOR APPROXIMATELY 4.74 ACRES IN THE CITY OF COLLEGE STATION, BRAZOS COUNTY, TEXAS, AT 404 HARVEY MITCHELL PARKWAY SOUTH, GENERALLY LOCATED AT THE CORNER OF HARVEY MITCHELL PARKWAY SOUTH AND RAYMOND STOTZER PARKWAY; PROVIDING A SEVERABILITY CLAUSE; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

- PART 1: That Chapter 12, "Unified Development Ordinance," Section 12-4.2, "Official Zoning Map," of the Code of Ordinances of the City of College Station, Texas, be amended as set out in Exhibit "A", as described in Exhibit "B" and as depicted in the concept plan in Exhibit "C" and as further shown in Exhibit "D", attached hereto and made a part of this ordinance for all purposes.
- PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.
- PART 3: That any person, firm, or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not less than Twenty-five Dollars (\$25.00) nor more than Two Thousand Dollars (\$2,000.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense. Said Ordinance, being a penal ordinance, becomes effective ten (10) days after its date of passage by the City Council, as provided by Section 35 of the Charter of the City of College Station.

PASSED, ADOPTED and APPROVED this 11th day of May, 2017

APPROVED:

MAYOR

ATTEST:

City Secretary

APPROVED:

City Attorney

That Chapter 12, “Unified Development Ordinance,” Section 12-4.2, “Official Zoning Map,” of the Code of Ordinances of the City of College Station, Texas, is hereby amended as follows:

The following property is rezoned from CI Commercial Industrial to PDD Planned Development District:

The Valley Park Center Subdivision, Lot 3R as depicted as follows:

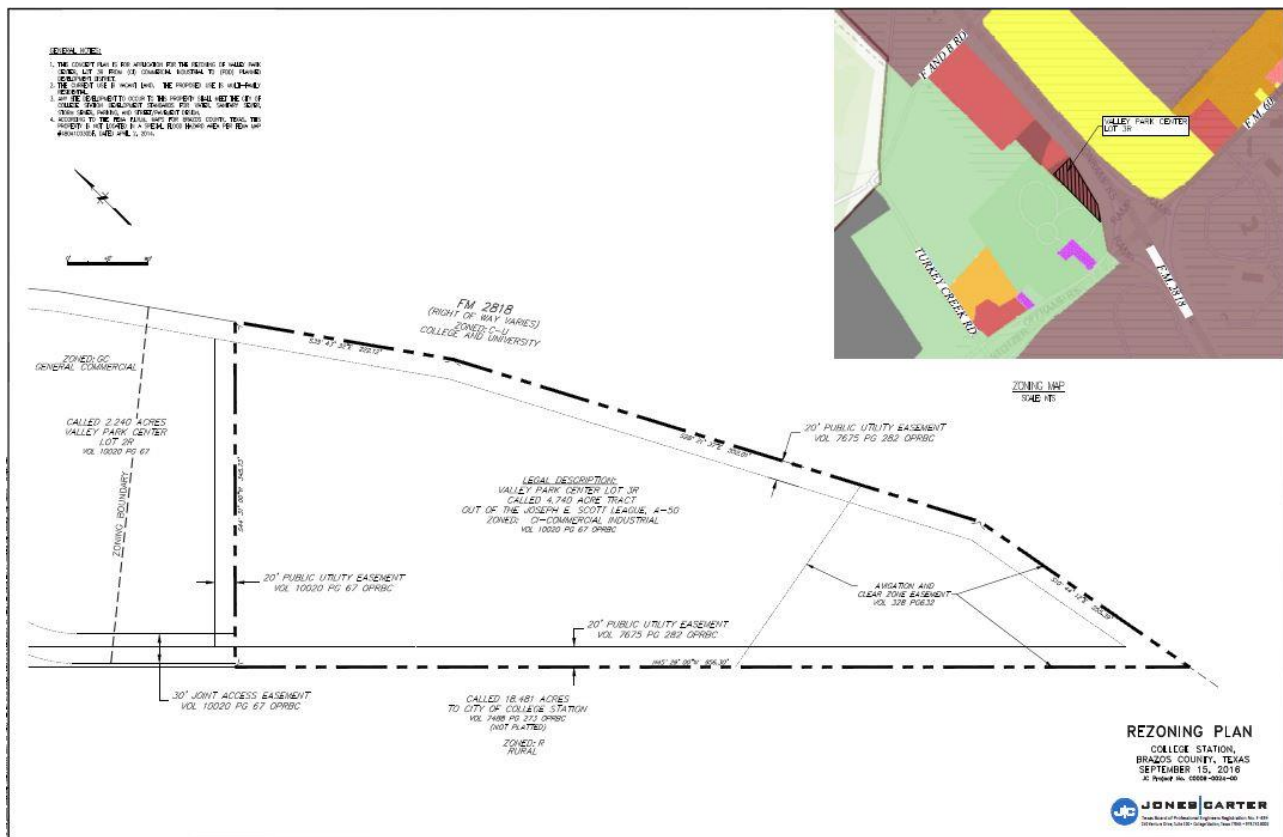


EXHIBIT “B”

General: The Concept plan depicts Urban land use to allow for high-density multi-family. Due to the location, the limited access available and surrounding commercial uses, the proposed use of multi-family is not harmonious with the character of the surrounding area unless meritorious modifications are made. The surrounding area is mostly commercial development that consist of office use. The proposed development is intended to provide student housing in close proximity to the Texas A&M University campus. The PDD includes a variety of unit types and bedroom counts. Meritorious modifications and other requirements are included below. All other standards of the MF Multi-family district shall apply to the subject tract.

Density: The project is capped at 142 dwelling units.

Range of future building heights: The buildings will have a maximum building height of four stories.

Drainage: The drainage from the project will enter the two existing ponds on the property and be detained before leaving the property boundary. Modifications to the ponds are proposed to allow them to act as detention. The applicant is requesting to reclaim a portion of the “flood prone” area. This portion of the property shown as “flood prone” is located in a Zone X area on the FEMA FIRM map panel 48041C0305F.

Meritorious Modifications

The following modification is proposed through this rezoning request:

Residential Zoning District: The proposed base zoning will be multi-family with a modification to limit the total commercial portion to a maximum of 2,000 square feet and with a limitation to restaurant uses only. MF Multi-Family zoning traditionally permits non-residential uses up to a maximum of 50 percent of the total floor area if incorporated into the residential structure, and this shall be allowed up to a maximum of 2,000 square feet.

EXHIBIT “C” CONCEPT PLAN

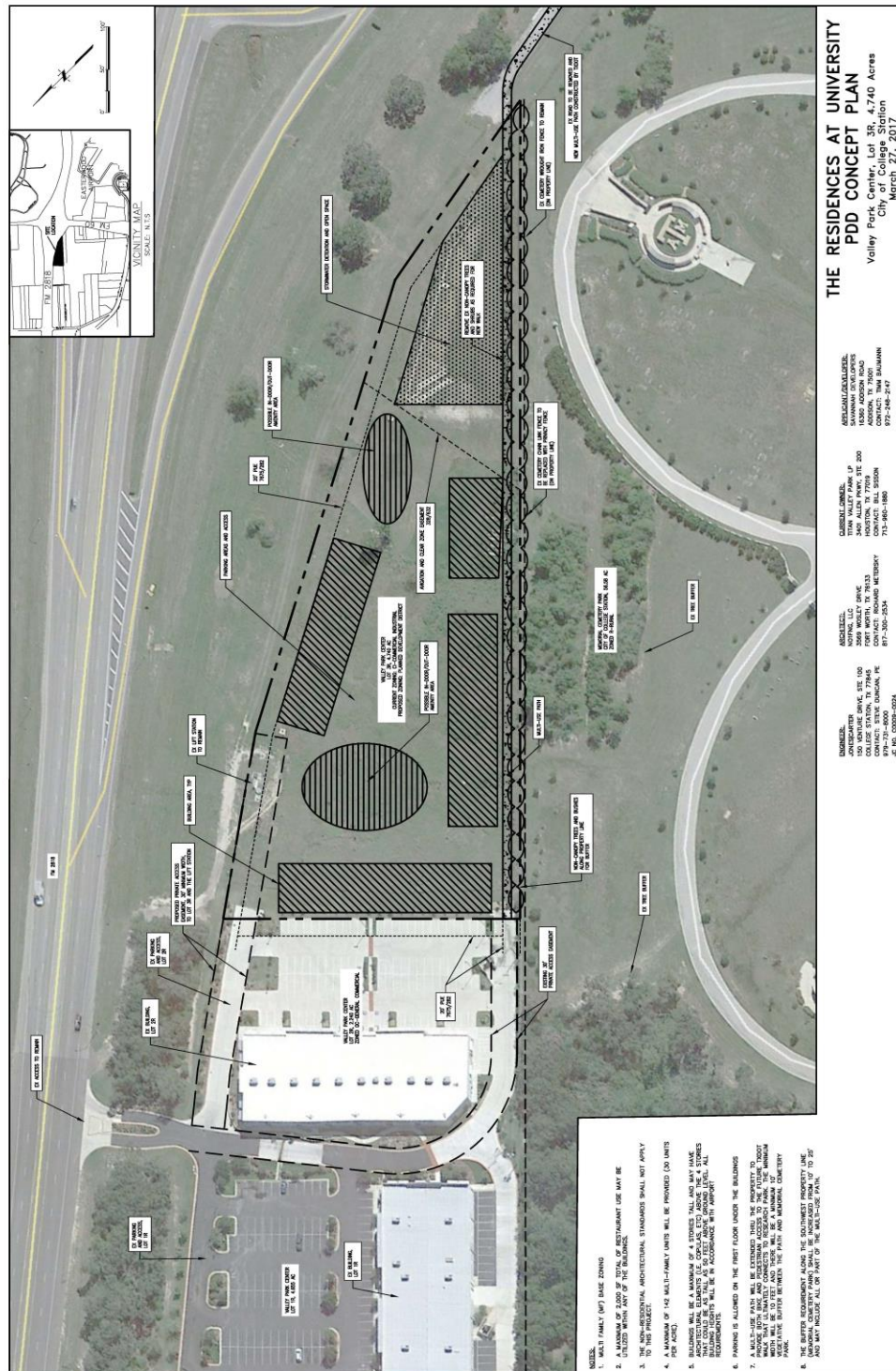
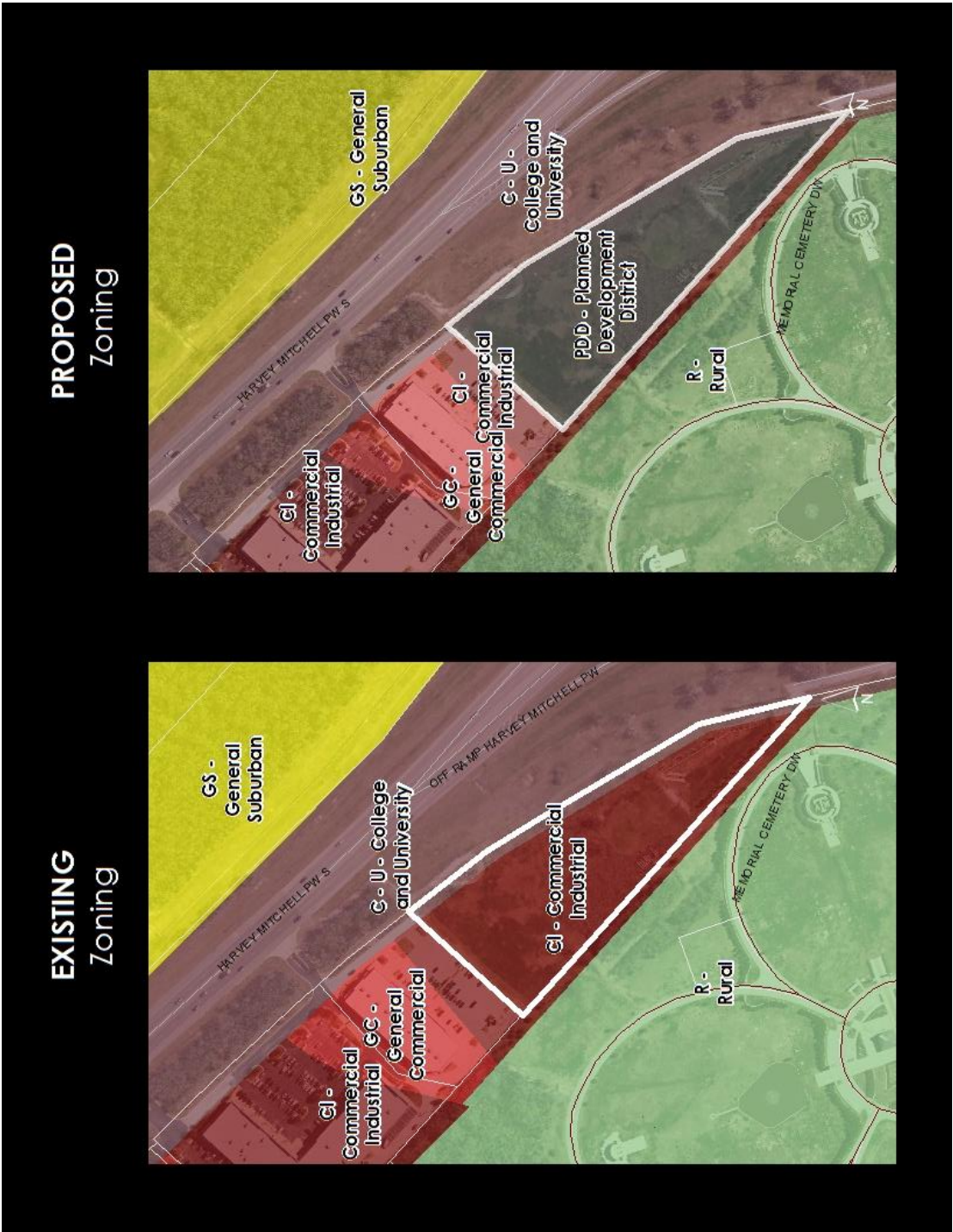


EXHIBIT “D”



Legislation Details (With Text)

File #:	17-0219	Version:	1	Name:	Comprehensive Plan Amendment – 3500 Harvey Road
Type:	Comprehensive Plan	Status:			Agenda Ready
File created:	4/27/2017	In control:			City Council Regular
On agenda:	5/11/2017	Final action:			
Title:	Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Urban to General Commercial and Natural Areas Reserved for approximately 3.2 acres located 3500 Harvey Road, generally located east of Copperfield Pkwy and south of Harvey Road.				
Sponsors:	Madison Thomas				
Indexes:					
Code sections:					
Attachments:	Aerial and Small Area Map (SAM) Amendment Map Ordinance				
Date	Ver.	Action By	Action		Result

Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan - Future Land Use & Character Map from Urban to General Commercial and Natural Areas Reserved for approximately 3.2 acres located 3500 Harvey Road, generally located east of Copperfield Pkwy and south of Harvey Road.

Relationship to Strategic Goals:

- Good Governance
- Financially Sustainable City
- Core Services and Infrastructure
- Diverse Growing Economy

Recommendation(s): The Planning and Zoning Commission considered this item on April 20, 2017 and voted unanimously to recommend approval.

Summary: : The applicant has requested the proposed Comprehensive Plan amendment to General Commercial and Natural Areas Reserved as a step toward permitting a commercial development at 3500 Harvey Road. The Commercial land use is intended to provide commercial development for the nearby residents and the greater community. The Natural Areas Reserved land use would protect the floodplain on the property and create a buffer at the south of the property. The subject property is designated as Urban on the Comprehensive Plan Future Land Use and Character Map, with the properties to the north and east designated for Suburban Commercial, and the property to the west as Urban and the south, located in the ETJ, as Rural on the Comprehensive Plan Future Land Use and Character Map.

REVIEW CRITERIA

- 1. Changed or changing conditions in the subject area or the City:** The City of College Station's Comprehensive Plan was adopted in 2009. This site was designated as Urban on the Comprehensive Future Land Use and Character Map. The Comprehensive Plan Urban designation is for areas that should have high density multi-family developments.

The subject property is located in Area 8-Carters Creek Corridor on the Comprehensive Future Land Use and Character Map Concept Plan. The Carters Creek Corridor is an area that has identified Carters Creek and the floodplain along it as a significant natural feature that should be protected and developed for recreational opportunities that tie the region together. The Natural Areas Reserved designation does not currently exist on this property, but is proposed on the south side of this property to allow for the protection of the floodplain along the creek.

Properties to the east are all developed as commercial uses and zoned for commercial uses, property to the north (across Harvey) are zoned Suburban Commercial. The property to the west is also zoned rural and designated as Urban on the Comprehensive Plan. This property and the subject property would have to develop together in order to have enough developable property for a feasible urban, high density, multi-family development due to the amount of floodplain on each property. Due to the approximate 2 acres of developable property, commercial use is more appropriate based on the size and adjacent uses.

- 2. Scope of the request.** The request is to convert approximately 3 acres from Urban to General Commercial and Natural Areas Reserved by amending the Comprehensive Plan Future Land Use and Character Map. The General Commercial designation calls for areas to provide commercial uses that serve the nearby residents and the larger community. The applicant anticipates proposing a future rezoning to GC General Commercial. Under the existing land use designation, townhomes, duplexes as well as large scale multi-family residential could be developed, but due to limitations in developable land, this type of use is not ideal.
- 3. Availability of adequate information:** A General Commercial designation allows for future development of commercial uses. College Station Utilities will provide water and sewer service to the property and is available to the site. College Station Utilities (CSU) serves properties in this area and is able to provide domestic water and sanitary sewer service to the proposed development. A Transportation Impact Analysis is not required for a Comprehensive Plan Amendment, but due to the size of the property, could be required at a later date.
- 4. Consistency with the goals and strategies set forth in the Plan:** The goal for College Station's Future Land Use and Character is to create a community with strong, unique neighborhoods, protected rural areas, special districts, distinct corridors, and a protected and enhanced natural environment.

The Comprehensive Plan identifies relevant strategies to achieve this goal, specifically the strategy to develop and maintain, through regular review, a land use plan that identifies, establishes and enhances community character. The subject tract is adjacent to developed commercial, and adjacent to property that is zoned for commercial and single-family use. The proposed designation is in an area that is sensitive and complementary to the surrounding land uses.

5. Consideration of the Future Land Use & Character and/or Thoroughfare Plans: The existing Future Land Use and Character designation on the property is Urban:

generally for areas that should have a very intense level of development activities. These areas will tend to consist of townhomes, duplexes, and high-density apartments. General commercial and office uses, business parks, and vertical mixed-use may also be permitted within growth and redevelopment areas.

The proposed land use, Commercial, is described as:

this land use designation is generally for concentrations of commercial activities that cater to both nearby residents and to the larger community or region. Generally, these areas tend to be large in size and located near the intersection of two regionally significant roads. It is preferred that in such areas development be concentrated in nodes rather than spread out in strips.

The proposed land use, Natural Areas Reserved, is described as:

The Comprehensive Plan Natural Areas Reserved designation is for areas that represent a constraint to development and that should be preserved for their natural function or open space qualities. These areas include floodplains and riparian buffers, as well as recreation facilities.

The commercial designation would fit well with the commercial designation and developments already existing in the surrounding area. A designation of NAR Natural Areas Reserved on the south of the property would protect the existing floodplain on the property, and prohibit development within that designated area.

The property is located off of Harvey Road, a future four lane major arterial. The properties to the east, are already developed with commercial buildings. The property and adjacent that area currently designated for Urban use lack sufficient developable area due to floodplain on the properties. The proposed NAR would provide a buffer between the proposed commercial use and adjacent single-family home in the ETJ.

6. Compatibility with the surrounding area: The proposed amendment to General Commercial would allow zoning for commercial uses, such as restaurants, gas stations, etc. Properties to the east are already developed as commercial uses. To the south is a residential home. The applicant is proposing a Natural Areas Reserved land use designation for 100 to 200 feet of floodplain area. This area is not permitted to be built on, and will create a buffer area between the two different uses. The property to the west, is currently undeveloped. The property to the north, across Harvey, are undeveloped, but are Comprehensive Planned and Zoned for commercial uses. Considering the surrounding existing and zoned commercial uses, and Harvey Road's functional class as a future 4 lane major arterial, this property would be better suited for commercial uses.

7. Impacts on infrastructure including water, wastewater, drainage, and the transportation network: Water is available to serve this property via an existing 8-inch line along Harvey Road.

There is also an adjacent 18-inch sanitary sewer line along the south that may serve this property. With further site development, a PUE will need to be dedicated for the sewer line and the 8" water line will need to be extended along the front of the property, possibly requiring looping. Drainage is mainly to the South within the Carter's Creek Drainage Basin. TXDOT permits will be needed for access along Hwy 30. Drainage and other public infrastructure required with site development shall be designed and constructed in accordance with the BCS Unified Design Guidelines

8. **Impact on the City's ability to provide, fund, and maintain services:** The proposed amendment for the subject property does not negatively impact the City's ability to provide, fund and maintain services. Infill development will add to the tax base while utilizing existing city infrastructure.
9. **Impact on environmentally sensitive and natural areas:** The applicant has proposed to reserve natural areas within this site. As defined in previous criteria, this designation is for areas that represent a constraint to development, and should be preserved for their natural function. The Natural Areas Reserved boundary on this site is currently not identified on the Comprehensive Plan Future Land Use and Character Map. The application is proposing adding Natural Areas Reserved. The proposed location for the Natural Areas Reserved has been determined by the location of the floodplain line and will consist of 0.975 acres of the 3.175 acre tract of land.
10. **Contribution to the overall direction and character of the community as captured in the Plan's vision and goals:** The goal for College Station's Future Land Use and Character is to create a community with strong, unique neighborhoods, protected rural areas, special districts, distinct corridors, and a protected and enhanced natural environment. The amendment will allow for a commercial development adjacent to existing commercial developments along Harvey Road, a future 4 lane major arterial. The identification and designation of Natural Areas Reserved on the property, reflects the vision statement provide sensitive development and management of the natural environment. The vision statements that reference planned, quality and sustainable growth as well as neighborhoods with character can be seen though the proposed designation of this property to Natural Areas Reserved and Urban land uses.

Budget & Financial Summary: N/A

Legal Review: Yes

Attachments:

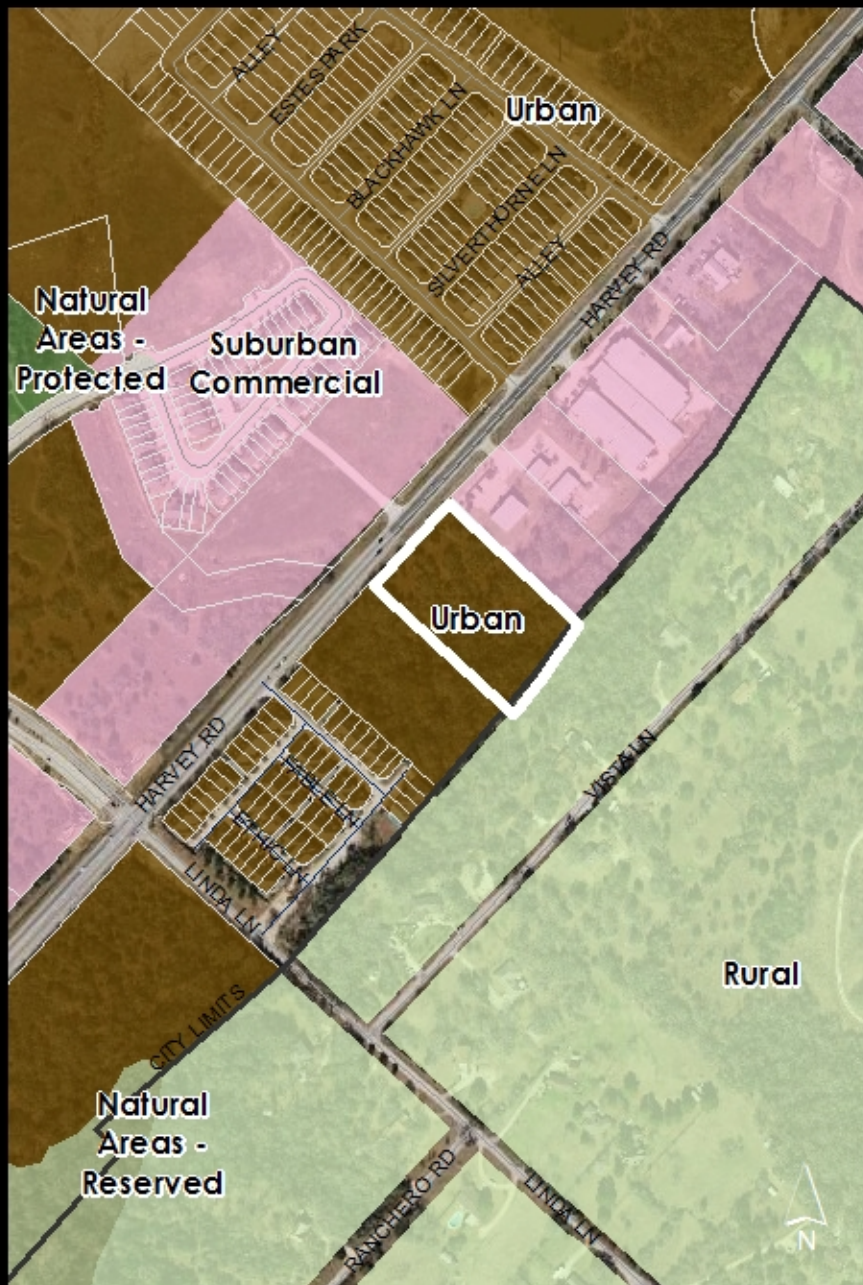
1. Aerial and Small Area Map
2. Comprehensive Plan Map
3. Ordinance



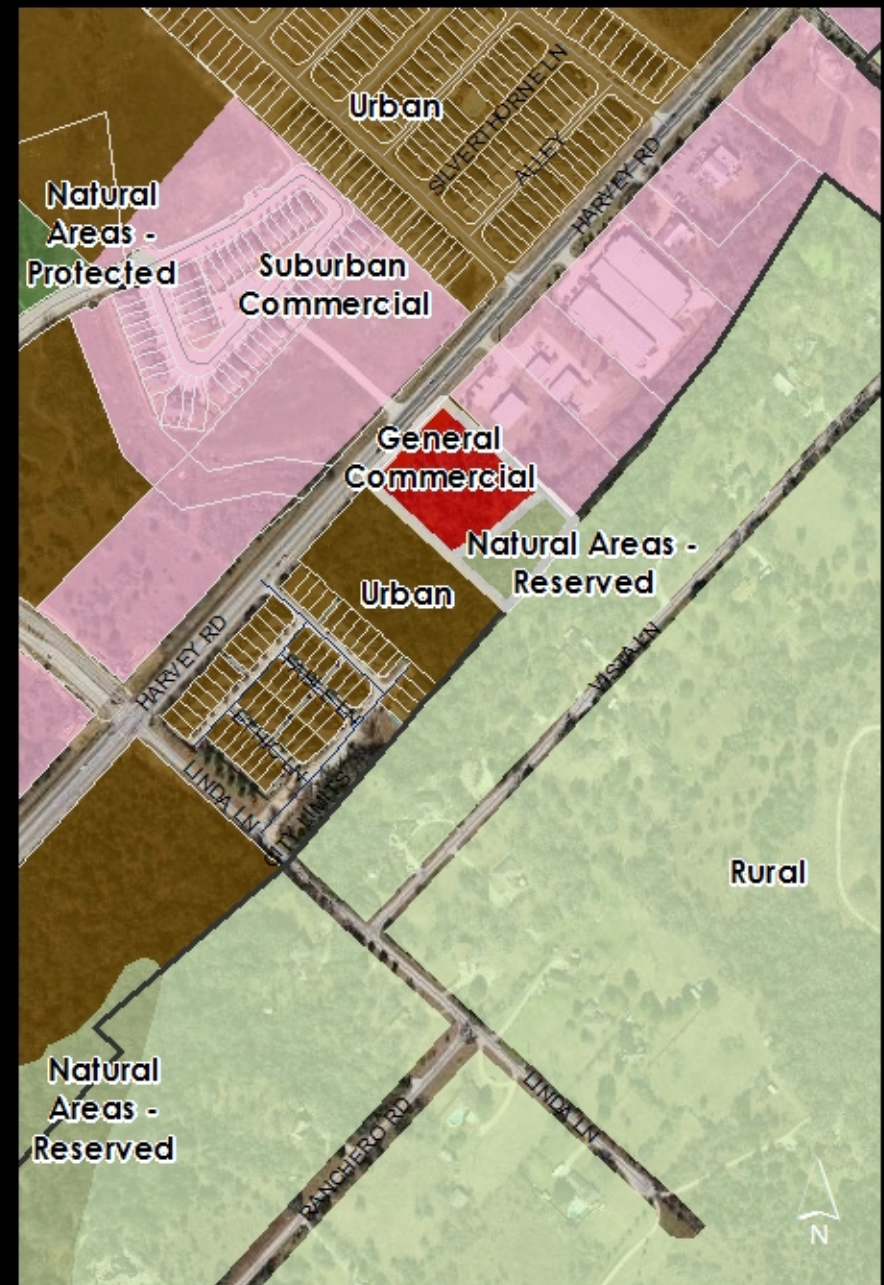
 City of College Station

 NORTH	0 145 290 Feet	3500 HARVEY RD	Case: COMP PLAN AMENDMENT CPA2016-000015
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EXISTING Future Land Use



PROPOSED Future Land Use



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF COLLEGE STATION, TEXAS, AMENDING THE COLLEGE STATION COMPREHENSIVE PLAN BY AMENDING THE COMPREHENSIVE PLAN - FUTURE LAND USE & CHARACTER MAP FROM URBAN TO GENERAL COMMERCIAL AND NATURAL AREAS RESERVED FOR APPROXIMATELY 3.2 ACRES LOCATED AT 3500 HARVEY ROAD, GENERALLY LOCATED EAST OF COPPERFIELD PARKWAY AND HARVEY ROAD, PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; AND CONTAINING OTHER PROVISIONS RELATED THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the “Comprehensive Plan of the City of College Station” is hereby amended by adding a new Subsection C.2.bb of Exhibit “A” thereto as set out in Exhibit “A” attached hereto and made a part hereof; and by amending the “Comprehensive Plan Future Land Use and Character Map,” as set out in Exhibit “B” attached hereto for the identified area and made a part hereof for all purposes.

PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.

PART 3: That this ordinance shall take effect immediately from and after its passage.

PASSED, ADOPTED and APPROVED this 11th day of May, 2017.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:

City Attorney

EXHIBIT “A”

That ordinance no. 3186 adopting the “Comprehensive Plan of the City of College Station” as amended, is hereby amended by adding a new subsection C.2.bb to Exhibit “A” of said plan for Exhibit “A” to read in its entirety as follows:

“EXHIBIT ‘A’**A. Comprehensive Plan**

The College Station Comprehensive Plan (Ordinance 3186) is hereby adopted and consists of the following:

1. Existing Conditions;
2. Introduction;
3. Community Character;
4. Neighborhood Integrity;
5. Economic Development;
6. Parks, Greenways & the Arts;
7. Transportation;
8. Municipal Services & Community Facilities;
9. Growth Management and Capacity; and
10. Implementation and Administration.

B. Master Plans

The following Master Plans are hereby adopted and made a part of the College Station Comprehensive Plan:

1. The Northgate Redevelopment Plan dated November 1996;
2. The Revised Wolf Pen Creek Master Plan dated 1998;
3. Northgate Redevelopment Implementation Plan dated July 2003;
4. East College Station Transportation Study dated May 2005;
5. Parks, Recreation and Open Space Master Plan dated May 2005;
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7. Park Land Dedication Community Park Zones map dated April 2009;
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17. The Water System Master Plan dated April 2017; and
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C. Miscellaneous Amendments

The following miscellaneous amendments to the College Station Comprehensive Plan are as follows:

1. Text Amendments:

- a. Chapter 2 “Community Character,” “Growth Areas” by amending the text regarding Growth Area IV and Growth Area V – Ordinance 3376, dated October 2011.
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- y. The approximately 232 acres of land generally located south of Rock Prairie Road - Ordinance 3877, dated April 27, 2017.
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- aa. The approximately 4.74 acres of land generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway – by an ordinance dated May 11, 2017.
- bb. The approximately 3.2 acres of land generally located east of Copperfield Parkway and south of Harvey Road. – by this ordinance dated May 11, 2017.

3. Concept Map Amendment:
 - a. Growth Area IV – Ordinance 3376, dated October 2011.
 - b. Growth Area V – Ordinance 3376, dated October 2011.
4. Thoroughfare Map Amendment:
 - a. Raintree Drive – Ordinance 3375, dated October 2011.
 - b. Birkdale Drive – Ordinance 3375, dated October 2011.
 - c. Corsair Circle – Ordinance 3375, dated October 2011.
 - d. Deacon Drive – Ordinance 3375, dated October 2011.
 - e. Dartmouth Drive – Ordinance 3375, dated October 2011.
 - f. Farm to Market 60 – Ordinance 3375, dated October 2011.
 - g. Southwest Parkway – Ordinance 3375, dated October 2011.
 - h. Cain Road extension – Ordinance 3639, dated February 26, 2015.
 - i. Update to Chapter 6 Maps- Ordinance 3729, dated December 10, 2015.
 - j. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
5. Bicycle, Pedestrian and Greenways Master Plan Amendment:
 - a. Cain Road extension – Ordinance 3639, dated February 26, 2015
 - b. Update to Maps 5.4 and 5.5- Ordinance 3729, dated December 10, 2015.
 - c. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
 - d. Update to Maps 5.4 and 5.5 – Ordinance 3877, dated April 27, 2017.

D. General

1. Conflict. All parts of the College Station Comprehensive Plan and any amendments thereto shall be harmonized where possible to give effect to all. Only in the event of an irreconcilable conflict shall the later adopted ordinance prevail and then only to the extent necessary to avoid such conflict. Ordinances adopted at the same city council meeting without reference to another such ordinance shall be harmonized, if possible, so that effect may be given to each.
2. Purpose. The Comprehensive Plan is to be used as a guide for growth and development for the entire City and its extra-territorial jurisdiction (“ETJ”). The College Station Comprehensive Plan depicts generalized locations of proposed future land-uses, including thoroughfares, bikeways, pedestrian ways, parks, greenways, and waterlines that are subject to modification by the City to fit local conditions and budget constraints.
3. General nature of Future Land Use and Character. The College Station Comprehensive Plan, in particular the Future Land Use and Character Map found in A.3 above and any adopted amendments thereto, shall not be nor considered a zoning map, shall not constitute zoning regulations or establish zoning boundaries and shall not be site or parcel specific but shall be used to illustrate generalized locations.
4. General nature of College Station Comprehensive Plan. The College Station Comprehensive Plan, including the Thoroughfare Plan, Bicycle, Pedestrian, and Greenways Master Plan, Central College Station Neighborhood Plan, Water System Master Plan and any additions, amendments, master plans and subcategories thereto depict same in generalized terms including future locations; and are subject to modifications by the City to fit local conditions, budget constraints, cost participation, and right-of-way availability that warrant further refinement as development occurs. Linear routes such as bikeways, greenways, thoroughfares,

pedestrian ways, waterlines and sewer lines that are a part of the College Station Comprehensive Plan may be relocated by the City 1,000 feet from the locations shown in the Plan without being considered an amendment thereto.

5. Reference. The term College Station Comprehensive Plan includes all of the above in its entirety as if presented in full herein, and as same may from time to time be amended.”

EXHIBIT “B”

That the “Comprehensive Plan of the City of College Station” is hereby amended by amending a portion of the map titled “Map 2.2-Future Land Use & Character” of Chapter 2 –Community Character” from Urban to General Commercial and Natural Areas Reserved shown as follows:

PROPOSED
Future Land Use



EXISTING
Future Land Use



Legislation Details (With Text)

File #:	17-0220	Version:	1	Name:	T-Fare Plan Amendment – Pavilion Avenue Extension
Type:	Comprehensive Plan	Status:			Agenda Ready
File created:	4/27/2017	In control:			City Council Regular
On agenda:	5/11/2017	Final action:			
Title:	Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan Thoroughfare Plan by changing the classification of the extension of Pavilion Avenue, generally located southeast of the intersection of State Highway 6 and Sebesta Road, from a major collector to a minor collector.				
Sponsors:	Jason Schubert				
Indexes:					
Code sections:					
Attachments:	Background Vicinity Map and Aerial Exhibit B Ordinance.pdf				

Date	Ver.	Action By	Action	Result
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Public Hearing, presentation, possible action, and discussion regarding an ordinance amending the Comprehensive Plan Thoroughfare Plan by changing the classification of the extension of Pavilion Avenue, generally located southeast of the intersection of State Highway 6 and Sebesta Road, from a major collector to a minor collector.

Relationship to Strategic Goals:

- Good Governance
- Financially Sustainable City
- Core Services and Infrastructure
- Diverse Growing Economy
- Improving Mobility

Recommendation(s): The Planning and Zoning Commission will consider this item at their May 4th meeting. Their recommendation will be provided at the City Council meeting. Staff recommends approval.

Summary: The proposed Thoroughfare Plan amendment changes the classification of the extension of Pavilion Avenue from a major collector to a minor collector.

The Unified Development Ordinance provides the following review criteria for Comprehensive Plan Amendments:

REVIEW CRITERIA

1. **Changed or changing conditions in the subject area or the City:** There has been a limited amount of change to the planning conditions expected in the surrounding area since the current Comprehensive Plan was adopted in 2009. The Future Land Use and Character Map of the Comprehensive Plan has been amended in recent months from Suburban Commercial to General Commercial for a few properties in the area, though commercial uses are still planned and expected in proximity to State Highway 6.
2. **Scope of the request:** The request is to amend the Thoroughfare Plan to change the classification of the future extension of Pavilion Avenue from a Major Collector to a Minor Collector for the portion generally located south of Sebesta Road and west over to the State Highway 6 Frontage Road.
3. **Availability of adequate information:** Based on the scope of the request, previous thoroughfare planning efforts, and anticipated traffic demand, additional information is not needed at this time.
4. **Consistency with the goals and strategies set forth in the Plan:** Prior to the adoption of the Comprehensive Plan in 2009, the East College Station Transportation Study was completed in 2008. One of the main goals of the East College Station Transportation Study was “to preserve mobility [on the east side of State Highway 6] without negatively impacting existing neighborhoods with additional traffic.” Along with the extension of Corsair Drive to Emerald Parkway, the extension of Pavilion Avenue to the south and over to State Highway 6 were identified as part of a “Back Street B” and placed on the Thoroughfare Plan to provide connectivity for development along State Highway 6 and reduce the need for travel through existing neighborhood collector streets. The proposed amendment retains a thoroughfare in this area.

A goal of the Comprehensive Plan and East College Station Transportation Study is to establish context sensitive solutions in regards to the transportation system intended to meet the mobility needs of the community. Streets should be tailored to the context in which they pass. A typical Major Collector cross section has a right-of-way width of 80 feet with two travel lanes, a two-way center turn lane, bike lanes and sidewalks. A typical Minor Collector does not have the center turn lane and has a right-of-way width of 60 feet, two travel lanes, bike lanes and sidewalks.

Pavilion Avenue is configured in a loop-like fashion and in connection with Corsair Drive is intended to serve as a backage road for connectivity in proximity to the one-way frontage road along State Highway 6. The proposed amendment reduces the thoroughfare classification to the same context as other existing thoroughfare in the area also constructed as a Minor Collector, namely: existing Pavilion Avenue, Sebesta Road, and Corsair Drive. A Minor Collector cross section more appropriately fits the configuration and context of the planned thoroughfare.

5. **Consideration of the Thoroughfare Plan and Bicycle, Pedestrian and Greenways Master Plan:** The proposed amendment maintains the connectivity of the Pavilion Avenue extension as a planned in the East College Station Transportation Study while calibrating the needed roadway to the expected traffic demand. According to the Bryan/College Station Unified Design Guidelines, a Major Collector is designed to accommodate between 5,000 and 10,000 vehicles per day while a Minor Collector is designed to accommodate between 1,000 and 5,000 vehicles per day. Given the loop-like configuration of Pavilion Avenue along with land uses

designated in the area, the thoroughfare is not expected to necessitate a Major Collector by function or traffic demand.

The thoroughfare provides additional access to the tracts further away from State Highway 6 which may require secondary access upon development. Sidewalks and bicycle facilities will be provided with either the Major Collector or Minor Collector cross section.

6. **Compatibility with the surrounding area:** The proposed amendment from a Major Collector to a Minor Collector provides connectivity in the vicinity more in character with the scale of other surrounding roadways.
7. **Impacts on infrastructure including water, wastewater, drainage, and the transportation network:** There will not be impacts with regard to water, wastewater and drainage. The connectivity anticipated by the thoroughfare extension is maintained.
8. **Impact on the City's ability to provide, fund, and maintain services:** The proposed amendment does not negatively impact the City's ability to provide, fund, and maintain services.
9. **Impact on environmentally sensitive and natural areas:** There is not FEMA designated floodplain along the Pavilion Avenue extension. The proposed amendment would reduce the width of the future thoroughfare and impact related to its construction.
10. **Contribution to the overall direction and character of the community as captured in the Plan's vision and goals:** The proposed amendment contributes to the overall direction and character of the community by amending the Thoroughfare Plan to provide a better transportation context for the extension of Pavilion Avenue while maintaining connectivity and access.

Budget & Financial Summary: N/A

Legal Review: Yes

Attachments:

1. Background Information
2. Vicinity Map and Aerial
3. Ordinance
4. Exhibit B

NOTIFICATIONS

Advertised Commission Hearing Date: May 4, 2017
Advertised Council Hearing Dates: May 11, 2017

The following neighborhood organizations that are registered with the City of College Station's Neighborhood Services have received a courtesy letter of notification of this public hearing:

None

Contacts in support: None at the time of this staff report
Contacts in opposition: None at the time of this staff report
Inquiry contacts: One at the time of the staff report

ADJACENT LAND USES

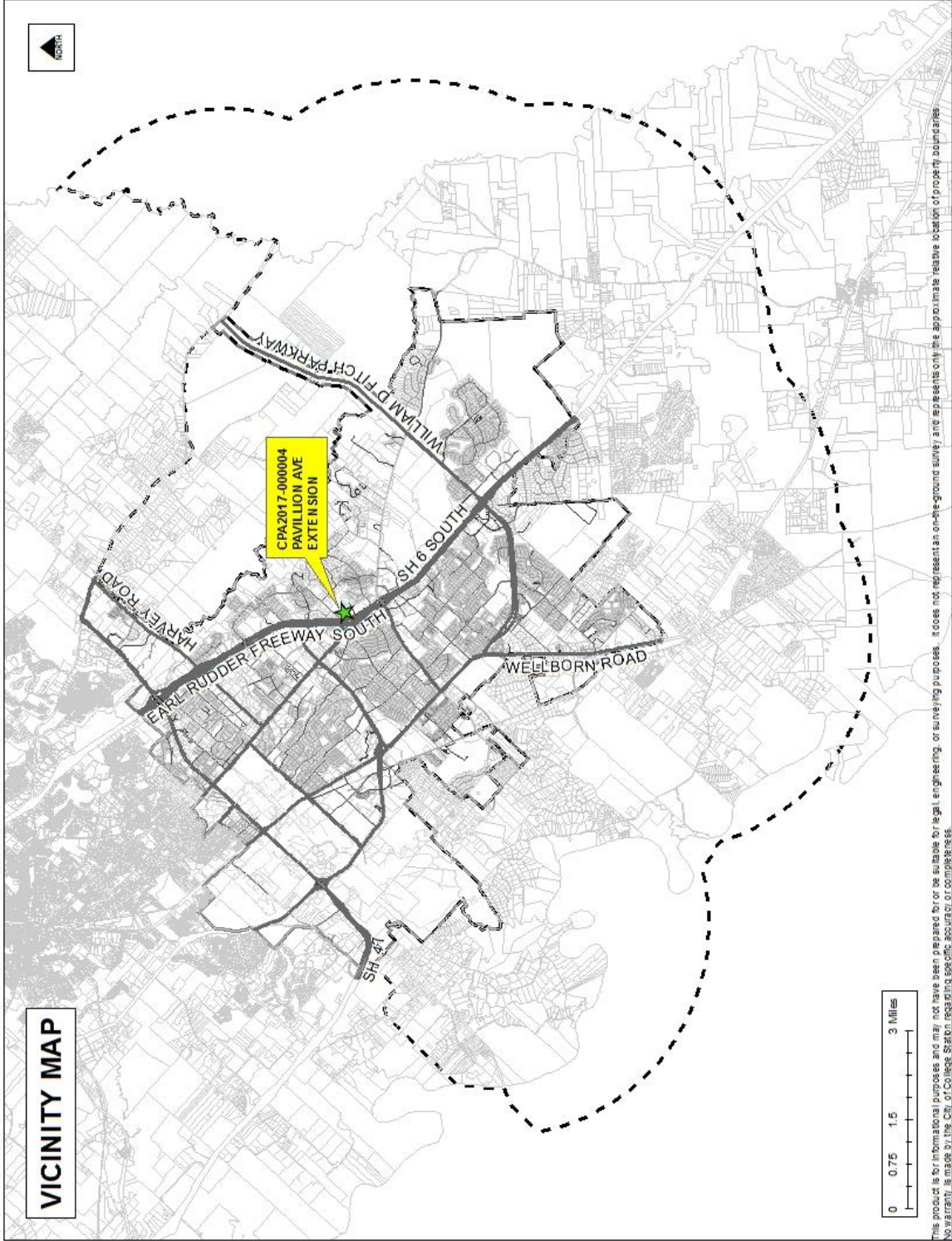
Direction	Comprehensive Plan	Zoning	Land Use
North (across Sebesta Road)	Suburban Commercial	GC General Commercial	Office Self-Storage Vacant
South	Suburban Commercial General Suburban	R Rural R&D Research & Development	Vacant
East (adjacent to Pavilion Avenue extension)	Suburban Commercial General Suburban	R Rural GS General Suburban R&D Research & Development	Vacant
West (adjacent to Pavilion Avenue extension)	General Commercial Suburban Commercial General Suburban	R Rural, GC General Commercial R&D Research & Development	Office/Research Vacant

DEVELOPMENT HISTORY

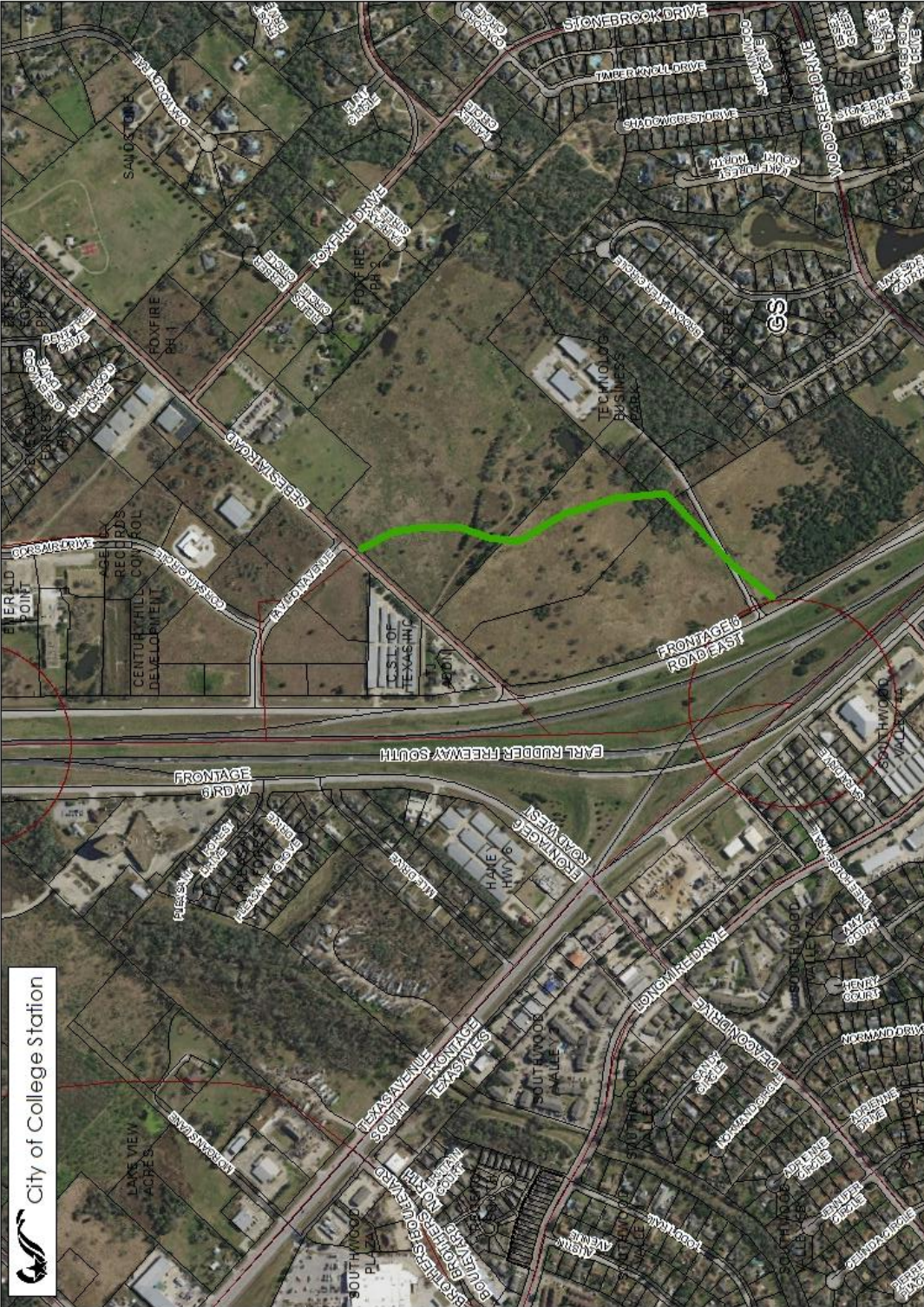
Annexation: 1971 & 1977
Zoning: R Rural and GS General Suburban (upon annexation), R&D Research & Development (1996), and GC General Commercial (2016)
Final Plat: Not platted
Site development: Vacant



VICINITY MAP



This product is for informational purposes and may not have been prepared for or be suitable for legal engineering or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries. No warranty is made by the City of College Station regarding specific accuracy or completeness.



City of College Station

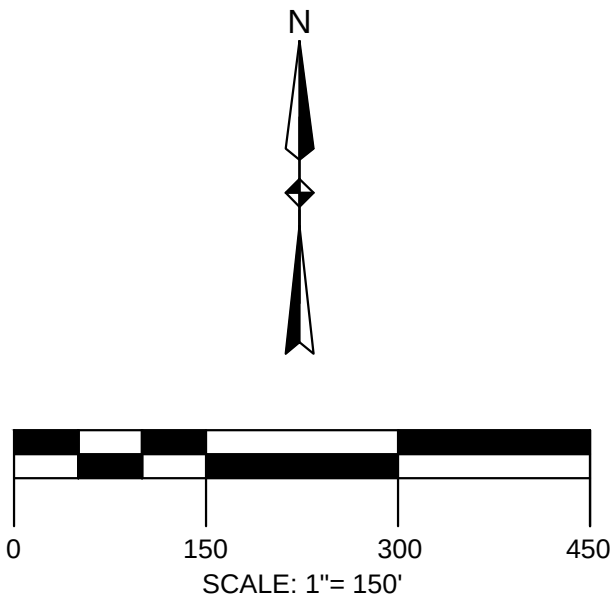
Case: COMP PLAN AMENDMENT
CPA2017-000004

PAVILLION AVE EXTENSION



Exhibit B

CAUTION: CONTACT THE TEXAS EXCAVATION SAFETY SYSTEM (DIG-TESS) AT 1-800-344-8377 TO LOCATE EXISTING UTILITIES PRIOR TO CONSTRUCTION. CONTACT GESSNER ENGINEERING IF CONFLICTS OCCUR.



GESSNER ENGINEERING
Corporate Office
2501 Ashford Drive
Suite 102
College Station, Texas 77840
www.gessnerengineering.com

FIRM REGISTRATION NUMBER:
TBPE F-7451, TBPLS F-10193910

COLLEGE STATION 979.680.8840
BRENNHAM 979.836.6855
FORT WORTH 817.405.0774
SAN ANTONIO 210.556.4124

THIS DOCUMENT IS INCOMPLETE AND IS RELEASED TEMPORARILY OR INTERIM REVIEW ONLY. IT IS NOT INTENDED FOR CONSTRUCTION, BIDDING, OR PERMIT PURPOSES. JEREMY N. PETERS, P.E. 100217

PRELIMINARY NOT FOR CONSTRUCTION

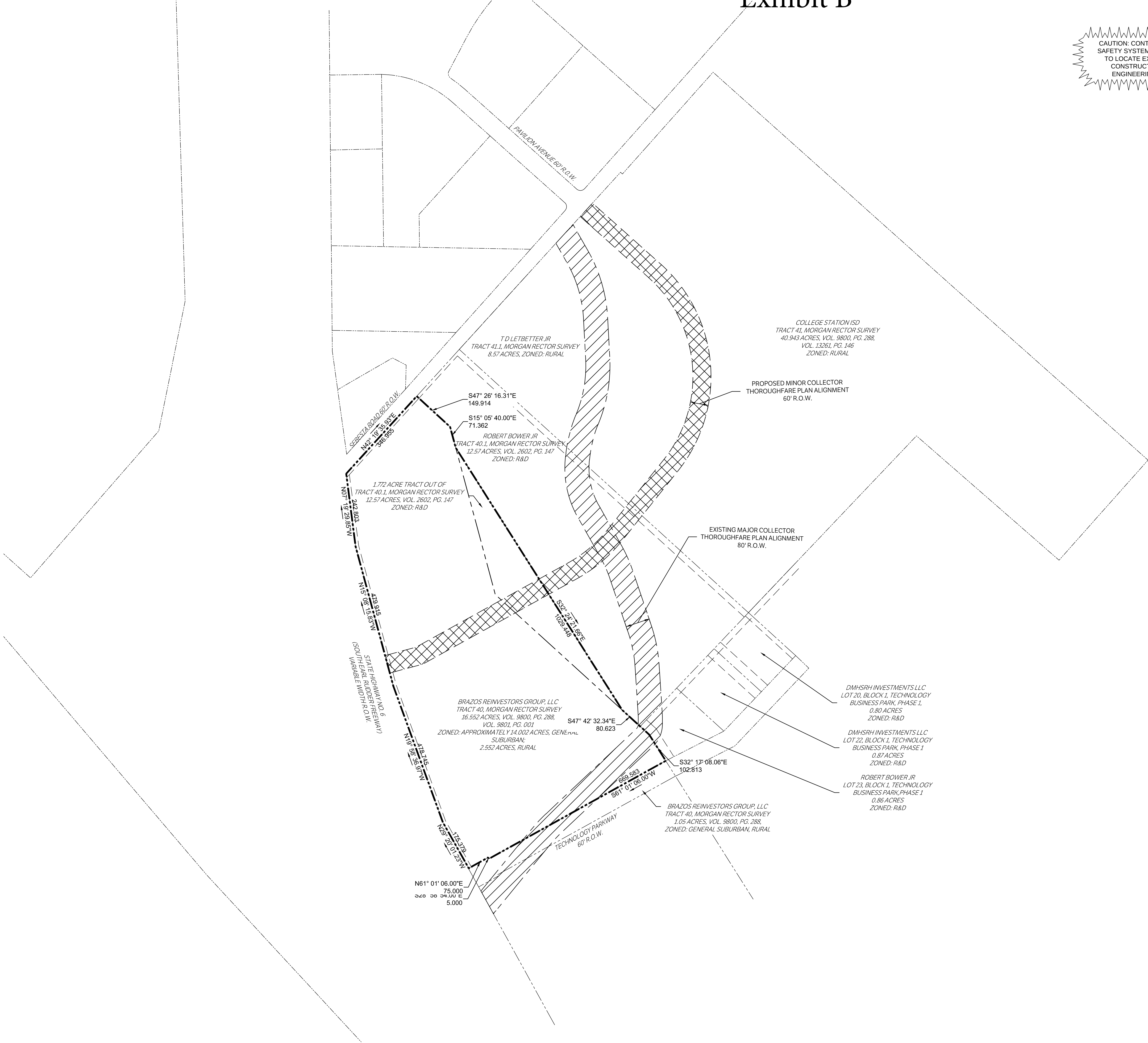
BRAZOS VALLEY AUTO COMPLEX
SH 6 @ SEBESTA ROAD
COLLEGE STATION, TX. 77845

THOROUGHFARE PLAN AMENDMENT

Issue Date: 03/03/2017
Drawn By: JFS
Checked By: JNP
Project Number: 16-0962

Revisions:		
△	-	-
△	-	-
△	-	-
△	-	-

EXHIBIT 1

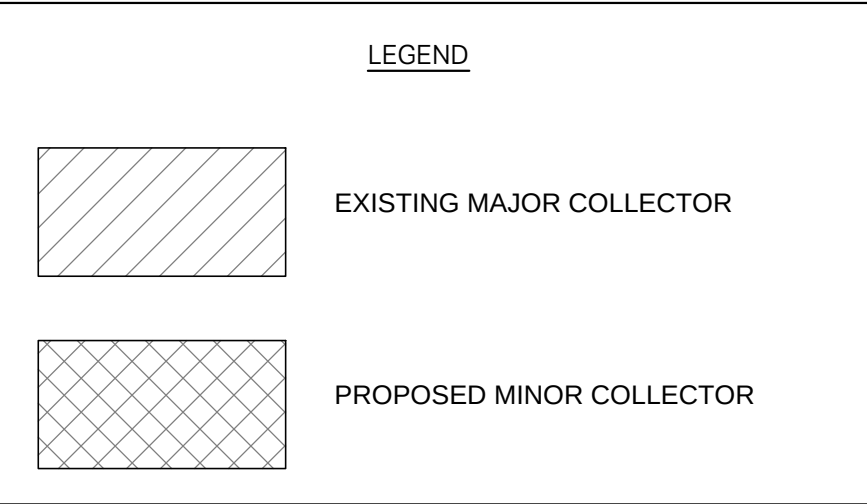


BRAZOS VALLEY AUTO COMPLEX

3401 SH 6 S
COLLEGE STATION, TEXAS

18.324 ACRES
TRACK 40 & 40.1, MORGAN RECTOR SURVEY
CURRENT ZONING:
GENERAL COMMERCIAL (GC)

DEVELOPER:
BKCK, LTD.
CONTACT: CHRIS WALL
5802 N. NAVARRO DRIVE, SUITE 101
COLLEGE STATION, TEXAS 77904
(361) 652-3698
CWALL@WALLAWTX.COM



ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF COLLEGE STATION, TEXAS, AMENDING THE COLLEGE STATION COMPREHENSIVE PLAN BY AMENDING THE COMPREHENSIVE PLAN – THOROUGHFARE PLAN BY CHANGING THE FUNCTIONAL CLASSIFICATION OF THE EXTENSION OF PAVILION AVENUE FROM A MAJOR COLLECTOR TO A MINOR COLLECTOR, GENERALLY LOCATED SOUTHEAST OF THE INTERSECTION OF STATE HIGHWAY 6 AND SEBESTA ROAD, PROVIDING A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE; AND CONTAINING OTHER PROVISIONS RELATED THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

PART 1: That the “Comprehensive Plan of the City of College Station” is hereby amended by adding a new Subsection C.4.k of Exhibit “A” thereto as set out in Exhibit “A” attached hereto and made a part hereof; and by amending the Thoroughfare Plan illustrated in “Map 6.6 Functional Classification and Context Class” contained in Chapter 6 – Transportation of the Comprehensive Plan as set out in Exhibit “B” attached hereto for the identified roadway section and made a part hereof for all purposes.

PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.

PART 3: That this ordinance shall take effect immediately from and after its passage.

PASSED, ADOPTED and APPROVED this 11th day May, 2017.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED:

City Attorney

EXHIBIT “A”

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- aa. The approximately 4.74 acres of land generally located at the corner of Harvey Mitchell Parkway South and Raymond Stotzer Parkway – by an ordinance dated May 11, 2017.

- bb. The approximately 3.2 acres of land generally located east of Copperfield Parkway and south of Harvey Road. – by an ordinance dated May 11, 2017.
- 3. Concept Map Amendment:
 - a. Growth Area IV – Ordinance 3376, dated October 2011.
 - b. Growth Area V – Ordinance 3376, dated October 2011.
- 4. Thoroughfare Map Amendment:
 - a. Raintree Drive – Ordinance 3375, dated October 2011.
 - b. Birkdale Drive – Ordinance 3375, dated October 2011.
 - c. Corsair Circle – Ordinance 3375, dated October 2011.
 - d. Deacon Drive – Ordinance 3375, dated October 2011.
 - e. Dartmouth Drive – Ordinance 3375, dated October 2011.
 - f. Farm to Market 60 – Ordinance 3375, dated October 2011.
 - g. Southwest Parkway – Ordinance 3375, dated October 2011.
 - h. Cain Road extension – Ordinance 3639, dated February 26, 2015.
 - i. Update to Chapter 6 Maps- Ordinance 3729, dated December 10, 2015.
 - j. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
 - k. Pavilion Avenue extension – by this ordinance dated May 11, 2017.
- 5. Bicycle, Pedestrian and Greenways Master Plan Amendment:
 - a. Cain Road extension – Ordinance 3639, dated February 26, 2015
 - b. Update to Maps 5.4 and 5.5- Ordinance 3729, dated December 10, 2015.
 - c. South College Station Mobility Study – Ordinance 3827, dated October 27, 2016.
 - d. Update to Maps 5.4 and 5.5 – Ordinance 3877, dated April 27, 2017.

D. General

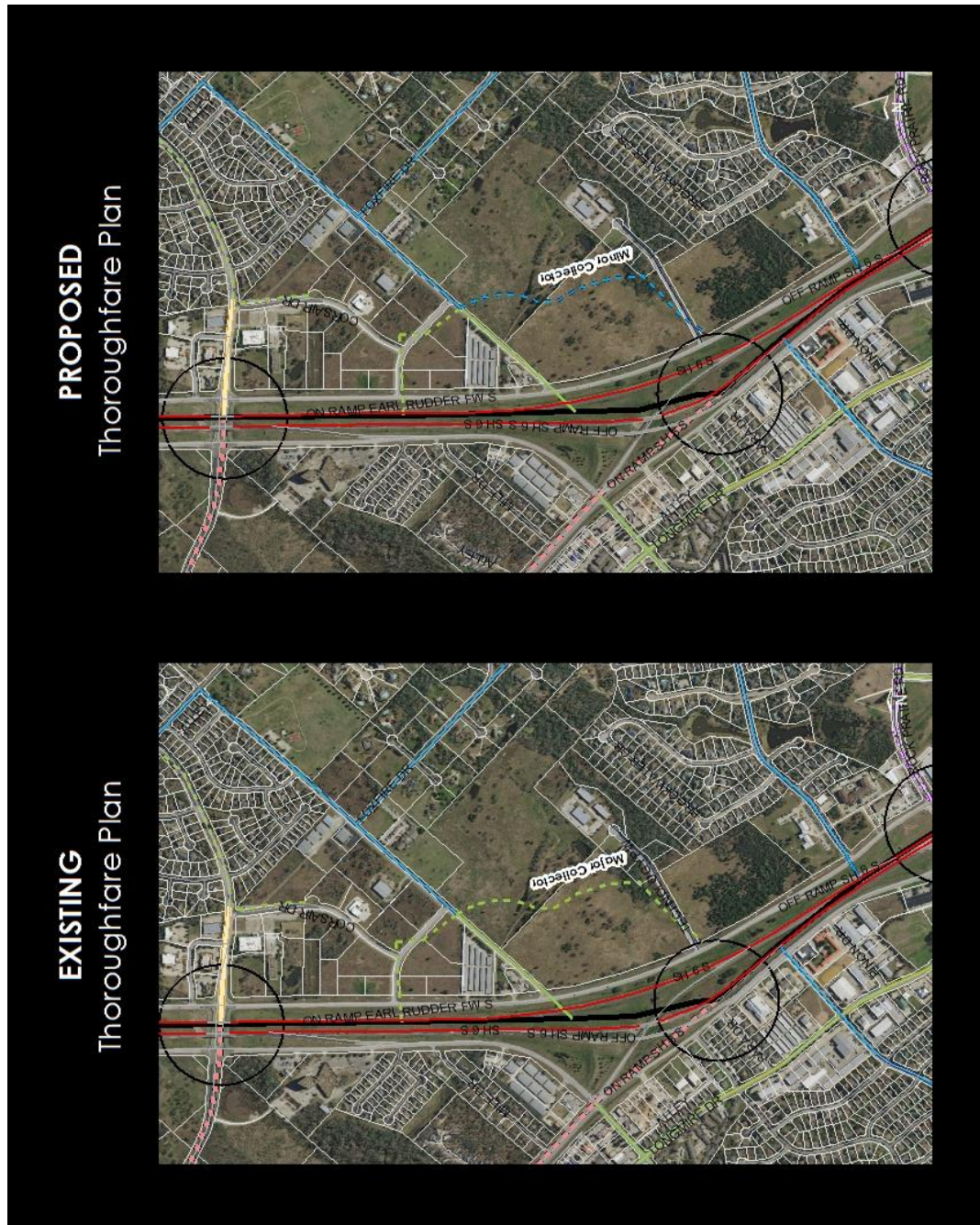
- 1. Conflict. All parts of the College Station Comprehensive Plan and any amendments thereto shall be harmonized where possible to give effect to all. Only in the event of an irreconcilable conflict shall the later adopted ordinance prevail and then only to the extent necessary to avoid such conflict. Ordinances adopted at the same city council meeting without reference to another such ordinance shall be harmonized, if possible, so that effect may be given to each.
- 2. Purpose. The Comprehensive Plan is to be used as a guide for growth and development for the entire City and its extra-territorial jurisdiction (“ETJ”). The College Station Comprehensive Plan depicts generalized locations of proposed future land-uses, including thoroughfares, bikeways, pedestrian ways, parks, greenways, and waterlines that are subject to modification by the City to fit local conditions and budget constraints.
- 3. General nature of Future Land Use and Character. The College Station Comprehensive Plan, in particular the Future Land Use and Character Map found in A.3 above and any adopted amendments thereto, shall not be nor considered a zoning map, shall not constitute zoning regulations or establish zoning boundaries and shall not be site or parcel specific but shall be used to illustrate generalized locations.
- 4. General nature of College Station Comprehensive Plan. The College Station Comprehensive Plan, including the Thoroughfare Plan, Bicycle, Pedestrian, and Greenways Master Plan, Central College Station Neighborhood Plan, Water System Master Plan and any additions,

amendments, master plans and subcategories thereto depict same in generalized terms including future locations; and are subject to modifications by the City to fit local conditions, budget constraints, cost participation, and right-of-way availability that warrant further refinement as development occurs. Linear routes such as bikeways, greenways, thoroughfares, pedestrian ways, waterlines and sewer lines that are a part of the College Station Comprehensive Plan may be relocated by the City 1,000 feet from the locations shown in the Plan without being considered an amendment thereto.

5. Reference. The term College Station Comprehensive Plan includes all of the above in its entirety as if presented in full herein, and as same may from time to time be amended.”

EXHIBIT “B”

That the “Comprehensive Plan of the City of College Station” is hereby amended by amending the Thoroughfare Plan illustrated in “Map 6.6 Functional Classification and Context Class” of Chapter 6 – Transportation to change the functional classification of the extension of Pavilion Avenue south of Sebesta Road over to State Highway 6 from a Major Collector to a Minor Collector in the general location as depicted as follows:



Legislation Details (With Text)

File #:	17-0221	Version:	1	Name:	UDO Amendment – Platting & Replatting within Older Residential Subdivisions
Type:	Ordinance	Status:			Agenda Ready
File created:	4/27/2017	In control:			City Council Regular
On agenda:	5/11/2017	Final action:			
Title:	Public Hearing, presentation, possible action, and discussion regarding an amendment to Unified Development Ordinance Section 12-8.3.H.2, Platting and Replatting within Older Residential Subdivisions.				
Sponsors:	Molly Hitchcock				
Indexes:					
Code sections:					
Attachments:	Current Language Version One Version Two Ordinance (option 1).pdf Ordinance (option 2).pdf				

Date	Ver.	Action By	Action	Result
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Public Hearing, presentation, possible action, and discussion regarding an amendment to Unified Development Ordinance Section 12-8.3.H.2, Platting and Replatting within Older Residential Subdivisions.

Relationship to Strategic Goals:

- Good Governance
- Neighborhood Integrity

Recommendation(s): The Planning & Zoning Commission will consider this item on May 4th. Their recommendation will be provided at the City Council meeting. Staff recommends approval.

Summary: This amendment to the Unified Development Ordinance corrects language from 2012 that inadvertently allows lots as small as 5,000 square feet in older residential neighborhoods designated as “Neighborhood Conservation” on the Land Use & Character Map. The “Platting and Replatting within Older Residential Subdivisions” code section has existed in some form since 2002 to address infill issues. The code language has been amended a number of times through the years - most recently in 2012. Unfortunately, the 2012 amendment included language that created unintended consequences. While the original language required newly-created lots within older residential subdivisions to be at least 8,500 square feet in area, the language adopted in 2012 allows lots as small as 5,000 square feet in certain circumstances.

The proposed ordinance language will clarify the original intent of Section 12-8.3.H.2 and restore protection to our older residential neighborhoods. Two versions of the amendment are included for

your consideration. Version one simply clarifies the original intent of the ordinance. At the suggestion of the Planning & Zoning Commission Chair, version two provides the Administrator with discretion in the calculation of the average lot width to provide more consistency with the character of the surrounding neighborhood.

Budget & Financial Summary: N/A

Legal Review: Yes

Attachments:

1. Existing Code Language
2. Proposed Code language (version one)
3. Proposed Code language (version two)
4. Ordinance
5. Ordinance with Neighborhood Character Considerations

Current language

2. Platting and Replatting within Older Residential Subdivisions.

- a. This section applies to a subdivision in which any portion of the proposed subdivision meets all of the following criteria:
 - 1) Such portion of the subdivision is currently zoned or developed for single-family detached residential uses as of January 1, 2002 with the exception of NG-1, NG-2, NG-3, NPO, and NCO zoning districts;
 - 2) Such portion of the subdivision is part of a lot or building plot that was located within the City limits when it was created on or prior to July 15, 1970.; and,
 - 3) Such portion of the subdivision is designated as Neighborhood Conservation in the Comprehensive Plan Future Land Use and Character Map.
- b. In addition to the other provisions of this UDO, no plat or replat intended to provide for the resubdivision of an existing lot or lots in a residential subdivision which meets the above criteria may be approved unless:
 - 1) The plat does not create an additional lot or building plot; or
 - 2) A plat which does create an additional lot or building plot must meet or exceed the average width of the lots along the street frontage for all of the lots in the block including the subject lot(s) and contain at least eight thousand five hundred (8,500) square feet of space for each dwelling unit.

For the purpose of this section, a lot shall be defined to include the lot, lots and/or portions of lots that have been combined and used as a residential plot or building plot, as of July 15, 1970, exempting those lawfully platted or replatted after July 15, 1970.
- c. It is the applicant's responsibility to provide documentation during the application process regarding the original plat in which the lot was created and/or the configuration and ownership documentation of the properties since July 15, 1970.

2. **Platting and Replatting within Older Residential Subdivisions.**

- a. This section applies to a subdivision in which any portion of the proposed subdivision meets all of the following criteria:
- 1) Such portion of the subdivision is currently zoned or developed for single-family detached residential uses as of January 1, 2002 with the exception of NG-1, NG-2, NG-3, NPO, and NCO zoning districts;
 - 2) Such portion of the subdivision is part of a lot or building plot that was located within the City limits when it was created on or prior to July 15, 1970. This also includes lots that may have been vacated or replatted after July 15, 1970 but where the original plat predates July 15, 1970; and,
 - 3) Such portion of the subdivision is designated as Neighborhood Conservation in the Comprehensive Plan Future Land Use and Character Map.
- b. In addition to the other provisions of this UDO, no plat or replat intended to provide for the resubdivision of an existing lot or lots in a residential subdivision which meets the above criteria may be approved unless:
- 1) The plat does not create an additional lot or building plot; or
 - 2) For a A proposed plat which does create an additional lot or lots, building plot must the lot(s) must meet or exceed the average width of the lots-along the street frontage for all of the lots in the block, including the subject lot(s)-and contain at least eight thousand five hundred (8,500) square feet of space for each dwelling unit.
- For the purpose of this section, determining the average lot width, a lot shall be defined to include the lot, lots and/or portions of lots that have been combined and used as a residential plot or building plot, as of July 15, 1970, exempting those lawfully platted or replatted after July 15, 1970.
- c. It is the applicant's responsibility to provide documentation during the application process regarding the original plat in which the lot was created and/or the configuration and ownership documentation of the properties since July 15, 1970.

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 - 3) Such portion of the subdivision is designated as Neighborhood Conservation in the Comprehensive Plan Future Land Use and Character Map.
- b. In addition to the other provisions of this UDO, no plat or replat intended to provide for the resubdivision of an existing lot or lots in a residential subdivision which meets the above criteria may be approved unless:
- 1) The plat does not create an additional lot or building plot; or
 - 2) For a A proposed plat which does create an additional lot or lots, building plot must the lot(s) must meet or exceed the average width of the lots-along the street frontage for all of the lots in the block, including the subject lot(s)-and contain at least eight thousand five hundred (8,500) square feet of space for each dwelling unit.
- For the purpose of this section, determining the average lot width, a lot shall be defined to include the lot, lots and/or portions of lots that have been combined and used as a residential plot or building plot, as of July 15, 1970, exempting those lawfully platted or replatted after July 15, 1970. The Administrator may include the lots on the opposing blockface when calculating the average lot width if the lots are similar in character and the Administrator may also exclude lots to the rear when said lots are part of another subdivision or dissimilar in character.
- c. It is the applicant's responsibility to provide documentation during the application process regarding the original plat in which the lot was created and/or the configuration and ownership documentation of the properties since July 15, 1970.

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 12, "UNIFIED DEVELOPMENT ORDINANCE", SECTION 12-8.3.H.2, "PLATTING AND REPLATTING WITHIN OLDER RESIDENTIAL SUBDIVISIONS", OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY AMENDING CERTAIN SECTIONS AS SET OUT BELOW; PROVIDING A SEVERABILITY CLAUSE; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

- PART 1: That Chapter 12, "Unified Development Ordinance," Section 12-8.3.H.2, "Platting and Replatting within Older Residential Subdivisions," of the Code of Ordinances of the City of College Station, Texas, be amended as set out in Exhibit "A", attached hereto and made a part of this ordinance for all purposes.
- PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.
- PART 3: That any person, firm, or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not less than Twenty-five Dollars (\$25.00) nor more than Two Thousand Dollars (\$2,000.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense. Said Ordinance, being a penal ordinance, becomes effective ten (10) days after its date of passage by the City Council, as provided by Section 35 of the Charter of the City of College Station.

PASSED, ADOPTED and APPROVED this 11th day of May, 2017.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT "A"

That Chapter 12, "Unified Development Ordinance," Section 12-8.3.H.2, "Platting and Replatting within Older residential Subdivisions", of the Code of Ordinances of the City of College Station, Texas, is hereby amended to read as follows:

2. Platting and Replatting within Older Residential Subdivisions.

- a. This section applies to a subdivision in which any portion of the proposed subdivision meets all of the following criteria:
 - 1) Such portion of the subdivision is currently zoned or developed for single-family detached residential uses as of January 1, 2002 with the exception of NG-1, NG-2, NG-3, NPO, and NCO zoning districts;
 - 2) Such portion of the subdivision is part of a lot or building plot that was located within the City limits when it was created on or prior to July 15, 1970. This also includes lots that may have been vacated or replatted after July 15, 1970 but where the original plat predates July 15, 1970; and,
 - 3) Such portion of the subdivision is designated as Neighborhood Conservation in the Comprehensive Plan Future Land Use and Character Map.
- b. In addition to the other provisions of this UDO, no plat or replat intended to provide for the resubdivision of an existing lot or lots in a residential subdivision which meets the above criteria may be approved unless:
 - 1) The plat does not create an additional lot or building plot; or
 - 2) For a proposed plat which does create an additional lot or lots, the lot(s) must meet or exceed the average width of the lots along the street frontage for all of the lots in the block, including the subject lot(s) and contain at least eight thousand five hundred (8,500) square feet of space for each dwelling unit.

For the purpose of determining the average lot width, a lot shall be defined to include the lot, lots and/or portions of lots that have been combined and used as a residential plot or building plot, as of July 15, 1970.
- c. It is the applicant's responsibility to provide documentation during the application process regarding the original plat in which the lot was created and/or the configuration and ownership documentation of the properties since July 15, 1970.

ORDINANCE NO. _____

AN ORDINANCE AMENDING CHAPTER 12, "UNIFIED DEVELOPMENT ORDINANCE", SECTION 12-8.3.H.2, "PLATTING AND REPLATTING WITHIN OLDER RESIDENTIAL SUBDIVISIONS", OF THE CODE OF ORDINANCES OF THE CITY OF COLLEGE STATION, TEXAS, BY AMENDING CERTAIN SECTIONS AS SET OUT BELOW; PROVIDING A SEVERABILITY CLAUSE; DECLARING A PENALTY; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

- PART 1: That Chapter 12, "Unified Development Ordinance," Section 12-8.3.H.2, "Platting and Replatting within Older Residential Subdivisions," of the Code of Ordinances of the City of College Station, Texas, be amended as set out in Exhibit "A", attached hereto and made a part of this ordinance for all purposes.
- PART 2: That if any provisions of any section of this ordinance shall be held to be void or unconstitutional, such holding shall in no way affect the validity of the remaining provisions or sections of this ordinance, which shall remain in full force and effect.
- PART 3: That any person, firm, or corporation violating any of the provisions of this chapter shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punishable by a fine of not less than Twenty-five Dollars (\$25.00) nor more than Two Thousand Dollars (\$2,000.00). Each day such violation shall continue or be permitted to continue, shall be deemed a separate offense. Said Ordinance, being a penal ordinance, becomes effective ten (10) days after its date of passage by the City Council, as provided by Section 35 of the Charter of the City of College Station.

PASSED, ADOPTED and APPROVED this 11th day of May, 2017.

ATTEST:

APPROVED:

City Secretary

Mayor

APPROVED AS TO FORM:

City Attorney

EXHIBIT "A"

That Chapter 12, "Unified Development Ordinance," Section 12-8.3.H.2, "Platting and Replatting within Older residential Subdivisions", of the Code of Ordinances of the City of College Station, Texas, is hereby amended to read as follows:

2. Platting and Replatting within Older Residential Subdivisions.

- a. This section applies to a subdivision in which any portion of the proposed subdivision meets all of the following criteria:
 - 1) Such portion of the subdivision is currently zoned or developed for single-family detached residential uses as of January 1, 2002 with the exception of NG-1, NG-2, NG-3, NPO, and NCO zoning districts;
 - 2) Such portion of the subdivision is part of a lot or building plot that was located within the City limits when it was created on or prior to July 15, 1970. This also includes lots that may have been vacated or replatted after July 15, 1970 but where the original plat predates July 15, 1970; and,
 - 3) Such portion of the subdivision is designated as Neighborhood Conservation in the Comprehensive Plan Future Land Use and Character Map.
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- c. It is the applicant's responsibility to provide documentation during the application process regarding the original plat in which the lot was created and/or the configuration and ownership documentation of the properties since July 15, 1970.



Legislation Details (With Text)

File #:	17-0222	Version:	1	Name:	Certificates of Obligation 2017
Type:	Presentation	Status:		Status:	Agenda Ready
File created:	4/28/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$70,000,000 in principal amount of "City of College Station, Texas Certificates of Obligation, Series 2017"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject.				
Sponsors:	Mary Ellen Leonard				
Indexes:					
Code sections:					
Attachments:	Ordinance (CO) (ver 1)				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$70,000,000 in principal amount of "City of College Station, Texas Certificates of Obligation, Series 2017"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject.

Relationship to Strategic Goals: Financially Sustainable City, and Providing Core Services and Infrastructure.

Recommendation(s): Council move to approve the attached ordinance authorizing the issuance of Certificates of Obligation, Series 2017; delegating the authority to certain City Officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to the certificates; and enacting other provisions relating to the subject.

Summary: The City Council is authorized to approve the issuance of Certificates of Obligation (CO's) after approving a resolution directing notice to be published of the intent to issue the CO's. On March 23, 2017 Council approved a resolution directing staff to advertise the issuance of CO's. On March 30th and April 6th such notice was published.

The City of College Station typically issues debt to fund various capital projects identified and approved as a part of the annual budget. The City primarily uses three types of debt instruments to fulfill those requirements:

1. General Obligation Bonds (GOB's) are based on the full faith and credit of the City and are paid primarily through the debt service portion of the ad valorem tax rate. GOBs are authorized by the voters and therefore the notice is provided in the election process.

2. Utility Revenue Bonds (URB's) are backed by the revenues of the City's various utilities and are issued as a business activity. These are typically only issued for utility capital projects.
3. Certificates of Obligation (CO's) normally include at least one additional revenue stream such as utility revenues, but are considered to be much like GOBs and therefore normally receive a rating similar to GOB's. Our policy for issuing CO's allows more flexibility in their issue than GOB's, particularly when other revenues are anticipated to assist in debt service.

It is at the recommendation of the City's Financial Advisor, Mr. Drew Masterson with First Southwest and Company, that the City issue Certificates of Obligation for utility projects rather than Utility Revenue Bonds.

This particular issue will provide resources for street, police station construction, information technology, electric, and water improvements; and debt issuance costs.

If this ordinance is approved, the City Council will be delegating to the Mayor, the City Manager and the Assistant City Manager the authority to effect the sale of the certificates through May 11, 2018.

Budget & Financial Summary: Staff reviewed the impact of the Certificates on the City's ability to meet debt service requirements and the effect they may have on the ad valorem tax rate. The impact on the utility rates will be reviewed as part of the financial forecast and FY18 budget. Debt for the construction of the Police Station will require a tax increase in FY18.

Attachments:

1. Ordinance

Preliminary Official Statement

ORDINANCE NO. 2017-

AUTHORIZING THE ISSUANCE OF "CITY OF COLLEGE STATION, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2017"; DELEGATING THE AUTHORITY TO CERTAIN CITY OFFICIALS TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE CERTIFICATES; APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING TO SAID CERTIFICATES; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, on March 23, 2017, the City Council of the City of College Station (the "City") passed a resolution authorizing and directing notice of its intention to issue the Certificates of Obligation herein authorized, to be published in a newspaper as required by Section 271.049 of the Texas Local Government Code;

WHEREAS, said notice was published in the *Bryan-College Station Eagle*, a "newspaper" of the type described in Section 2051.044, Texas Government Code, as required by said Section 271.049 of the Texas Local Government Code, on March 30, 2017 and April 6, 2017;

WHEREAS, said notice provided that the ordinance authorizing the Certificates of Obligation may authorize an authorized officer of the City to effect the sale and delivery of the Certificates of Obligation on a date or dates subsequent to the adoption of the ordinance;

WHEREAS, no petition, signed by at least 5% of the qualified electors of said City as permitted by said Section 271.049 of the Texas Local Government Code protesting the issuance of such Certificates of Obligation, has been filed;

WHEREAS, the City is an "Issuer" within the meaning of Section 1371.001(4)(P), Texas Government Code, having (i) a principal amount of at least \$100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or a combination of outstanding or proposed long-term indebtedness and (ii) some amount of long-term indebtedness outstanding or proposed to be issued that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation;

WHEREAS, the Certificates of Obligation hereinafter authorized are to be issued and delivered pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code and Chapter 1371, Texas Government Code and the City's Home Rule Charter;

WHEREAS, during the preceding three years, the City has not submitted a bond proposition to authorize the issuance of bonds for the same purpose for which the Certificates of Obligation are hereby being issued and which proposition was disapproved by voters; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551;

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

Section 1. DEFINITIONS; AUTHORIZATION OF CERTIFICATES OF OBLIGATION.

(a) *Definitions.* Terms not otherwise defined herein shall have the following meanings.

(i) The term "*Authorized Denomination*" shall mean a denomination of \$5,000 of principal amount of a Certificate or any integral multiple thereof.

(ii) The term "*Business Day*" means any day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City are, authorized by law or executive order to close.

(iii) The term "*Certificates*" and "*Certificates of Obligation*" shall mean the City of College Station, Texas Certificates of Obligation, Series 2017, authorized to be issued and delivered by this Ordinance.

(iv) The term "*MSRB*" means the Municipal Securities Rulemaking Board.

(v) The term "*Pricing Certificate*" means a certificate of the Pricing Officer setting forth the terms of sale of the Certificates including the method of sale, principal amount, maturity dates, interest payment dates, dated date, interest rates, yields, redemption provisions, and other matters related to the sale of the Certificates.

(vi) The term "*Pricing Officer*" means the Mayor, the City Manager and the Assistant City Manager (Jeff Kersten) of the City (each the "*Pricing Officer*") each of whom is independently authorized to finalize the terms of sale of the Certificates by execution of the Pricing Certificate.

(vii) The term "*Purchaser*" means (i) if the Certificates are sold by negotiated sale, the underwriter or underwriting syndicate selected by the Pricing Officer, or (ii) if the Certificates are sold by competitive sale by soliciting public bids, the underwriter or underwriting syndicate awarded the Certificates by the Pricing Officer.

(viii) The term "*Rule*" means SEC Rule 15c2-12 (17 C.F.R. § 240.15C2-12), as amended from time to time.

(ix) The term "*SEC*" means the United States Securities and Exchange Commission.

(x) The term "*Surplus Revenues*" shall mean those revenues from the operation of the City's combined municipal electric light and power, waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof and other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates.

(b) The City's Certificates of Obligation, to be designated the "City of College Station, Texas Certificates of Obligation, Series 2017", are hereby authorized to be issued and delivered in the principal amount not to exceed \$70,000,000 for the following public purposes: (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City's combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) the payment of fiscal, engineering and legal fees incurred in connection therewith and payment of the costs of issuance of the Certificates.

Section 2. DELEGATION TO PRICING OFFICER.

(a) As authorized by Section 1371.053, Texas Government Code, each Pricing Officer is hereby authorized to act individually and severally on behalf of the City in selling and delivering the Certificates, carrying out the other procedures specified in this Ordinance, including, determining the date of the Certificates, any additional or different designation or title by which the Certificates shall be known, whether the Certificate shall be sold and delivered in one or more series and the date and sale and delivery of each such series, the price at which the Certificates will be sold, the years in which the Certificates will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment and record dates, the price and terms upon and at which the Certificates shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Certificates and obtaining municipal insurance for all or any portion of the Certificates and providing for the terms and provisions thereof applicable to the Certificates, all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate principal amount of the Certificates shall not exceed \$70,000,000;

(ii) the true interest cost of the Certificates shall not exceed 4.000% per annum;

(iii) the final maturity of the Certificates shall not exceed February 15, 2037;

(iv) the delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to May 11, 2018; and

(v) on or prior to delivery, the Certificates shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest categories for long-term obligations.

(b) In establishing the aggregate principal amount of the Certificates, the Pricing Officer shall establish an amount that, when combined with premium used for purposes other than the payment of costs of issuance, does not exceed the amount authorized in Subsection (a) hereof, which shall be sufficient in amount to provide for the purposes for which the Certificates are authorized and to pay costs of issuing the Certificates. The Certificates shall be sold with and subject to such terms as set forth in the Pricing Certificate.

(c) The Certificates may be sold by public offering (either through a negotiated or competitive offering) and the Pricing Certificate shall so state, and the Pricing Certificate may conform this Ordinance to such method of sale, including the provisions hereof that pertain to the undertaking of the Issuer in accordance with the Rule.

(d) The City Council hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Certificates as set forth in this Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate are required to be, in the Issuer's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

Section 3. CHARACTERISTICS OF THE CERTIFICATES. (a) The City shall keep or cause to be kept at the corporate trust office in Dallas, Texas (the "*Designated Trust Office*") of The Bank of New York Mellon Trust Company, N.A., or such other bank, trust company, financial institution, or other agency named by the Pricing Officer or in accordance with the provisions of (g) below (the "*Paying Agent/Registrar*"), books or records for the registration and transfer of the Certificates (the "*Registration Books*"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided. The City or its designee shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar at its Designated Trust Office, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Certificate may be transferred in the Registration Books only upon presentation and surrender thereof to the Paying Agent/Registrar at its Designated Trust Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and

with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such Certificate, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Certificate or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Certificate or any portion thereof, a new substitute certificate or certificates shall be issued in exchange therefor in the manner herein provided.

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

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

(d) Each Certificate may be exchanged for fully registered certificates in the manner set forth herein. Each Certificate issued and delivered pursuant to this Ordinance may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered Certificates, without interest coupons, in the form prescribed in the FORM OF CERTIFICATE, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Certificate shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the principal amount of any Certificate or Certificates so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If any Certificate or portion thereof is assigned and transferred, each Certificate issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall exchange or replace Certificates as provided herein, and each fully registered Certificate or Certificates delivered in exchange for or replacement of any Certificate or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Certificates for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Certificate delivered in exchange for or replacement of another Certificate prior to the first scheduled interest payment date on the Certificates (as stated on the face thereof) shall be dated the same date as such Certificate, but each substitute Certificate so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date

on which such substitute Certificate is delivered, unless such substitute Certificate is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; provided, however, that if at the time of delivery of any substitute Certificate the interest on the Certificate for which it is being exchanged has not been paid, then such substitute Certificate shall be dated as of the date to which such interest has been paid in full. On each substitute Certificate issued in exchange for or replacement of any Certificate or Certificates issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM OF CERTIFICATE (the "*Authentication Certificate*"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute Certificate, date such substitute Certificate in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute Certificate shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Certificates surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Certificates or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Certificate in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of Authentication Certificate, the exchanged or replaced Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar 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 principal of a Certificate.

(e) All Certificates issued in exchange or replacement of any other Certificate or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates shall be payable, all as provided, and in the manner required or indicated, in the FORM OF CERTIFICATE.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Certificates, but the registered owner of any Certificate requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Certificates requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such certificate or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof in an Authorized Denomination, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Certificates that it will (i)

pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on Certificates, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Certificates solely to the extent above provided, and with respect to the exchange of Certificates solely to the extent above provided.

(g) The City covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that it will promptly appoint a competent and legally qualified national or state banking institution which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be in substantially the form as set forth in **Exhibit A** to this Ordinance, shall be numbered consecutively from R-1 upward, with the Initial Certificate being numbered T-1, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance and with the FORM OF CERTIFICATE to be modified pursuant to, and completed with information set forth in the Pricing Certificate. The FORM OF CERTIFICATE as it appears in **Exhibit A** shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the FORM OF CERTIFICATE to reproduced as an exhibit to the Pricing Certificate. The printer of the Certificates is hereby authorized to print on the Certificates (i) the form of bond counsel's opinion relating to the Certificates, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Certificates.

Section 5. RESERVED.

Section 6. LEVY OF TAX; INTEREST AND SINKING FUND; REVENUE PLEDGE.

(a) That a special fund or account, to be designated the "City of College Station, Texas Series 2017 Certificate of Obligation Interest and Sinking Fund" (the "*Interest and Sinking Fund*") is hereby created and shall be established and maintained by the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Certificates are outstanding and unpaid, the governing body of the City shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and the cost of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Certificates as such interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Certificates as such principal matures or comes due through operation of the mandatory sinking fund redemption, if any, but never less than 2% of the original amount of the Certificates as a sinking fund each year. The rate and amount of ad valorem tax is hereby ordered to be levied against all taxable property in the City for each year while any of the Certificates is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Ad valorem taxes necessary to pay the interest on and principal of the Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) That the Certificates are additionally secured by and shall be payable from the Surplus Revenues. The Surplus Revenues are pledged by the City pursuant to authority of Chapter 1502, Texas Government Code, specifically Section 1502.058 thereof. The City shall promptly deposit the Surplus Revenues upon their receipt to the credit of the Interest and Sinking Fund created pursuant to Section 6, to pay the principal and interest on the Certificates. The amount of Surplus Revenues pledged to the payment of the Certificates shall not exceed \$1,000. If Surplus Revenues or any other lawfully available revenues, income or resources of the City are deposited or budgeted to be deposited in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to Section 6 may be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available revenues, income or resources then on deposit or budgeted to be deposited to the credit of the Interest and Sinking Fund.

Section 7. TRANSFER. That the City shall do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest due on the Certificates.

Section 8. SECURITY FOR FUNDS. That the Interest and Sinking Fund created by this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Interest and Sinking Fund shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES. (a) *Replacement Certificates.* That in the event any outstanding Certificate is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Certificate of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

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

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

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

(e) *Authority for Issuing Replacement Certificates.* That in accordance with Section 1201.067, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Certificate without necessity of further action by the City or any other body or person, and the duty of the replacement of such Certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect, as provided in Section 5(d) of this Ordinance for Certificates issued in conversion and exchange of other Certificates.

Section 10. FEDERAL INCOME TAX MATTERS. That the City covenants to refrain from any action which would adversely affect, or to take such action as to ensure, the treatment of the Certificates as obligations described in section 103 of the Code, the interest on which is

not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Certificates (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(1) proceeds of the Certificates invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Certificates are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

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

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

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Certificates have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

For purposes of the foregoing (a) and (b), the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Certificates, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager, any Assistant City Manager and the Assistant City Manager, severally, to execute any documents, certificates or reports required by the Code, and to make such elections on behalf of the City which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

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

Section 11. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. That the City covenants to account for the expenditure of proceeds from the sale of the Certificates and any investment earnings thereon to be used for the purposes described in Section 1 of this Ordinance (such purpose referred to in this Section and Section 12 hereof as a "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) such Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than 60 days after the earlier of (a) the fifth anniversary of the date of delivery of the Certificates or (b) the date the Certificates are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Certificates. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will

not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 12. DISPOSITION OF PROJECT. That the City covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Certificates. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13. PROCEDURES TO MONITOR COMPLIANCE WITH TAX COVENANTS. The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the federal tax covenants made by the City herein.

Section 14. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES. That the Assistant City Manager of the City is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such certificate. The Certificates thus registered shall remain in the custody of the Assistant City Manager (or the designee thereof) until delivered to the Purchaser (as defined in Section 18 of this Ordinance).

Section 15. DTC REGISTRATION. That the Certificates initially shall be issued and delivered in such manner that no physical distribution of the Certificates will be made to the public, and The Depository Trust Company ("*DTC*"), New York, New York, initially will act as depository for the Certificates. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, 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 under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Certificates initially authorized by this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Certificates on behalf of the Purchaser and its participants. So long as each Certificate is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Certificates in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules

and regulations established by them, and that the Certificates initially deposited with DTC shall be immobilized and not be further exchanged for substitute Certificates except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Certificates. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Certificates, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Certificates is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Certificates will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Certificates. In connection with the initial establishment of the foregoing book-entry system with DTC, the City heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

Section 16. CONTINUING DISCLOSURE OBLIGATION PURSUANT TO RULE 15C2-12 (17 C.F.R. § 240.15C2-12).

(a) *Annual Reports.*

(i) The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables numbered 1 through 6; 8 through 20 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 20 within six months after the end of each fiscal year ending in and after 2017. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2017. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

(ii) The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC, as permitted by the Rule. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the

City otherwise would be required to provide financial information and operating data pursuant to this Section. 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 reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) *Event Notices.* The City shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten Business Days after the occurrence of the event) of any of the following events with respect to the Certificates:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
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 the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
7. Modifications to rights of Certificateholders, if material;
8. Certificate calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Certificates, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of an obligated person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving

the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by such subsection.

(c) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City 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.

(iii) UNDER NO CIRCUMSTANCE SHALL THE CITY BE LIABLE TO THE REGISTERED 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 CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, 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.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the City 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 City, but only if (1) the provisions of this Section, 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 since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule 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.

(d) *Procedures to Monitor Compliance with Continuing Disclosure Covenants.* The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the continuing disclosure covenants made by the City herein.

Section 17. DEFEASANCE. (a) *Deemed Paid.* Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Certificate*") within the meaning of this Ordinance, except to the extent provided in subsection (e) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*")

for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged or the pledge of Surplus Revenues as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) *Investments.* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) above. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Securities, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) *Selection of Defeased Certificates.* In the event that the City elects to defease less than all of the principal amount of Certificates of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Certificates by such random method as it deems fair and appropriate.

(d) *Defeasance Securities.* The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) 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 City 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; (iii) 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 City 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 (iv) any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(e) *Continuing Duty of Paying Agent/Registrar.* Until all Certificates defeased under this Section of this Ordinance shall become due and payable, the Paying Agent/Registrar for

such Certificates shall perform the services of Paying Agent/Registrar for such Certificates the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services.

(f) The Pricing Officer is hereby authorized to modify the securities that are eligible as Defeasance Securities and any such modification shall described in the Pricing Certificate.

Section 18. SALE OF CERTIFICATES; OFFICIAL STATEMENT. (a) The Certificates may be sold by public offering (either through a negotiated or competitive offering) and the terms and provisions of which are to be determined by the Pricing Officer in accordance with Section 2 hereof, and in which the purchasers of the Certificates are designated. The Certificates may be sold pursuant to a purchase agreement or notice of sale and bidding instructions (collectively, the "*Purchase Agreement*") which the Pricing Officer is hereby authorized to execute and deliver and in which the Purchaser of the Certificates shall be designated. The Certificates shall initially be registered in the name of the Purchaser thereof as set forth in the Pricing Certificate.

(b) The City hereby approves the form and content of the draft preliminary official statement relating to the Certificates in the form attached hereto as ***Exhibit C*** and any addenda, supplement or amendment thereto, and approves the distribution of such preliminary official statement in the reoffering of the Certificates by the Purchaser in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable. The Pricing Officer is hereby authorized, in the name and on behalf of the City, to approve, distribute, and deliver a final preliminary official statement and a final official statement relating to the Certificates to be used by the Purchaser in the marketing of the Certificates.

(c) The Pricing Officer is authorized, in connection with effecting the sale of the Certificates, to obtain from a municipal bond insurance company so designated in the Pricing Certificate (the "*Insurer*") a municipal bond insurance policy (the "*Insurance Policy*") in support of the Certificates. To that end, should the Pricing Officer exercise such authority and commit the City to obtain a municipal bond insurance policy, for so long as the Insurance Policy is in effect, the requirements of the Insurer relating to the issuance of the Insurance Policy are incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary. The Pricing Officer shall have the authority to execute any documents to effect the issuance of the Insurance Policy by the Insurer.

(d) The Mayor and Mayor Pro Tem, the City Manager, the Assistant City Manager, Director of Finance and City Secretary, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City a Paying Agent/Registrar Agreement, in the form presented at the meeting at which this Ordinance is adopted, with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates, the Purchase Agreement and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature

shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 19. FURTHER PROCEDURES. That the Mayor, the City Secretary, the City Manager, the Assistant City Manager, and Director of Finance, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, and the sale and delivery of the Certificates and fixing all details in connection therewith. The City Council hereby authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Certificates, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 20. CONSTRUCTION FUND; USE OF PROCEEDS.

(a) The City hereby creates and establishes and shall maintain on the books of the City a separate fund to be entitled the "Series 2017 Certificates of Obligation Construction Fund" (the "*Construction Fund*") for use by the City for payment of all lawful costs associated with the acquisition and construction of the projects as provided in Section 1.

(b) The proceeds from the sale of the Certificates shall be deposited, on the date of closing, in the manner described in a letter of instructions prepared by the City or on behalf of the City by the City's financial advisor. The foregoing notwithstanding, any proceeds representing accrued interest on the Certificates shall be deposited to the credit of the Interest and Sinking Fund.

Section 21. INTEREST EARNINGS. That the interest earnings derived from the investment of proceeds from the sale of the Certificates may be used along with other proceeds for the construction of the permanent improvements set forth in Section 1 hereof for which the Certificates are issued; provided that after completion of such permanent improvements, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 22. DEFAULT AND REMEDIES.

(a) *Events of Default.* Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the 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 City, the failure to perform which materially, adversely

affects the rights of the registered owners of the Certificates, 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 60 days after notice of such default is given by any registered owner to the City.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the registered 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 registered owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all registered owners of Certificates then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the 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.

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

(iii) By accepting the delivery of a Certificate authorized under this Ordinance, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Section 23. MISCELLANEOUS PROVISIONS. (a) *Preamble*. The preamble to this Ordinance is incorporated by reference and made a part hereof for all purposes.

(b) *Titles Not Restrictive.* That the titles assigned to the various sections of this Ordinance are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Ordinance.

(c) *Rules of Construction.* The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to "FORM OF CERTIFICATE" shall refer to the form of the Certificates set forth in **Exhibit A** to this Ordinance. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as may be described herein.

(d) *Inconsistent Provisions.* All ordinances, orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed and declared to be inapplicable, and the provisions of this Ordinance shall be and remain controlling as to the matters prescribed herein.

(e) *Severability.* If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance shall nevertheless be valid and the City hereby declares that this Ordinance would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(f) *Governing Law.* This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas.

(g) *Open Meeting.* The City officially finds and determines that the meeting at which this Ordinance is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code.

(h) *Application of Chapter 1208, Government Code.* Chapter 1208, Texas Government Code, applies to the issuance of the Certificates and the pledge of ad valorem taxes and the Surplus Revenues granted by the City under Section 6(b), and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the ad valorem taxes and Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

(i) *Immediate Effect.* In accordance with the provisions of Section 1201.028, Texas Government Code, this Ordinance shall be effective immediately upon its adoption by the City Council.

[Remainder of page intentionally left blank.]

PASSED, APPROVED AND EFFECTIVE THIS MAY 11, 2017.

City Secretary; City of College Station

Mayor; City of College Station

(CITY SEAL)

APPROVED:

McCall, Parkhurst & Horton L.L.P., Dallas, Texas
Bond Counsel



Ordinance
City of College Station, Texas
Certificates of Obligation, Series 2016

SIGNATURE PAGE

EXHIBIT A

FORM OF CERTIFICATE

The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance and with the Certificates to be completed with information set forth in the Pricing Certificate. The Form of Certificate as it appears in this Exhibit A shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the Form of Certificate to reproduced as an exhibit to the Pricing Certificate.

NO. _____	UNITED STATES OF AMERICA STATE OF TEXAS COUNTY OF BRAZOS	Principal Amount
	CITY OF COLLEGE STATION, TEXAS CERTIFICATES OF OBLIGATION SERIES 2017	[\$]

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP NO.</u>
	%	[], 2017	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF COLLEGE STATION, TEXAS, in Brazos County (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or to the registered assignee hereof (either being hereinafter called the "registered owner") the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months), from the Delivery Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the interest rate per annum specified above, with said interest payable on February 15, 2018, and semiannually on each August 15 and February 15 thereafter until maturity or prior redemption; except that if this Certificate is required to be authenticated and the date of its authentication is later than February 15, 2018, such interest is payable semiannually on each August 15 and February 15 following such date.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. At maturity or redemption prior to maturity, the principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at the designated corporate trust office in Dallas, Texas (the "*Designated Trust Office*") of The Bank of New York Mellon Trust Company, N.A., which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Certificate (the "*Certificate Ordinance*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "*Record Date*") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment at the Designated Trust Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Certificate that on or before each principal and interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IN THE EVENT OF 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 City. 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 registered owner of a Certificate appearing on the Registration Books kept by 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, a legal holiday, or a day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a Series of Certificates dated as of July 1, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$[], for the purpose of paying contractual obligations to be incurred by the City for the following public purposes: (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing

technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City's combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) the payment of fiscal, engineering and legal fees incurred in connection therewith.

ON FEBRUARY 15, 2027, or on any date thereafter, the Certificates of this Series maturing on February 15, 2028 and thereafter may be redeemed prior to their scheduled maturities, at the option of the City, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption at the option of the City prior to their stated maturity shall be selected by the City. The Certificates or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates, if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed, the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

AT LEAST THIRTY days prior to the date fixed for any such redemption, a written notice of such redemption shall be given to the registered owner of each Certificate or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for this Certificate or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Certificate, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Certificate or any portion hereof. If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in Authorized Denominations, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Certificates called for redemption, such

notice must state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in Authorized Denominations. As provided in the Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in Authorized Denominations as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar at its Designated Trust Office for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar at its Designated Trust Office, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in an Authorized Denomination to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the City. The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Certificate or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Certificates and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Certificates so selected for redemption when such redemption is scheduled to occur within 45 calendar days.

WHENEVER the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificates, the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

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

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a direct obligation of said City, issued on the full faith and credit thereof; and that in accordance with the terms of the Certificate Ordinance, annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said City, and have been pledged for such payment, within the limit prescribed by law; and that a limited pledge (not to exceed \$1,000) of the Surplus Revenues from the operation of the City's combined municipal electric light and power, waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof and any other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates, have been pledged as additional security for the Certificates.

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

IN WITNESS WHEREOF, this Certificate has been signed with the manual or facsimile signature of the Mayor of the City, attested by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly affixed to, or impressed, or placed in facsimile, on this Certificate.

XXXXXX
City Secretary; City of College Station

XXXXXX
Mayor; City of College Station

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the proceedings adopted by the City as described in the text of this Certificate of

Obligation; and that this Certificate of Obligation has been issued in exchange for or replacement of a Certificate of Obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

The Bank of New York Mellon
Trust Company, N.A.
Paying Agent/Registrar

By: _____
Authorized Representative

[FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE CERTIFICATE (CERTIFICATE NO. T-1) UPON INITIAL DELIVERY THEREOF]

COMPTROLLER'S CERTIFICATE

OFFICE OF COMPTROLLER

§

REGISTER NO. _____

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, and 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 City of College Station, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Certificate has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

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

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

INSERTIONS FOR THE INITIAL CERTIFICATE. The initial Certificate shall be in the form set forth in paragraph (a) of this Form of Certificate, except that:

- 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 "CUSIP NO. ____" shall be deleted.
- ii. the first paragraph shall be deleted and the following will be inserted:

THE CITY OF COLLEGE STATION, TEXAS, in Brazos County, Texas (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or to the registered assignee hereof (either being hereinafter called the "registered owner") on the Maturity Dates, in the Principal Amounts and bearing interest at the per annum Interest Rates set forth in the following schedule:

Maturity
Date

Principal
Amount

Interest
Rate

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2018 and on each August 15 and February 15 thereafter to the date of payment of the Principal Amounts specified above, or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

iii. The initial Certificate shall be numbered "T-1."

EXHIBIT B

PROCEDURES REGARDING COMPLIANCE WITH FEDERAL TAX AND CONTINUING DISCLOSURE COVENANTS

This Exhibit is intended to assist the City of College Station (the "City") in complying with the federal income tax covenants and securities disclosure covenants as they apply to the issuance of tax-exempt debt securities such as the Certificates of Obligation (the "Obligations"). These procedures should be read together with any federal tax certifications, bond covenants, letters or memoranda from bond counsel and any attachments thereto (collectively, the "Closing Documents"). Failure to comply with federal guidelines could have serious consequences for investors, the City and its officials.

These procedures shall apply to the Obligations, until they are superseded by a change in circumstances at which time the City's bond counsel will propose new procedures to be adopted.

I. FEDERAL TAX LAW

1. Arbitrage Compliance.

Arbitrage refers to the difference between the interest paid on tax-exempt Obligations and the interest earned by investing the proceeds of tax-exempt Obligations in higher-yielding investments. Such higher-yielding investments could take the form of loans, securities, real property, personal property, or other investments that could yield a profit to the City. Federal income tax laws generally restrict the ability to earn arbitrage utilizing the proceeds of tax-exempt Obligations. Generally, any profit from investing Obligation proceeds at a yield above the yield paid on the Obligations belongs to the federal government and must be rebated to the federal government. If the City fails to comply federal tax guidelines, Obligations could be deemed to be "arbitrage bonds" by the Internal Revenue Service (the "IRS"), which would expose the City to monetary liability from the City's investors.

The arbitrage yield on the Obligations is set forth on the IRS Form 8038-G.

The Assistant City Manager and the City Treasurer (including such other employees of the City who report to such officers) (collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

- a. *Procedures applicable to the Obligation.* The Responsible Person shall undertake the following procedures.
 - i. If the City plans to spend funds currently on hand for a future project with the intent to later repay such funds from a debt issue, the Responsible

Person shall contact Bond Counsel to obtain advice regarding a reimbursement resolution. The Responsible Person shall maintain any official action of the City (such as a reimbursement resolution) stating the City's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project.

- ii. The Responsible Person shall ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS.
- iii. If proceeds of the Obligations are to be invested in interest-earning investments, assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired. If proceeds of the Obligations are to be invested in interest-earning investments, the Responsible Person should contact the City's arbitrage consultant regarding such matters.
- iv. The Responsible Person shall monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund (the "I&S Fund"), to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period.

NOTE: the purpose of the I&S Fund is to achieve a proper matching of revenues with principal and interest payments within each fiscal year. The I&S Fund should be used a mechanism for payment of current debt service and not as a long-term investment fund for debt service many years in the future.

- v. The Responsible Person shall ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.
- b. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person shall undertake the following.

- i. The Responsible Person shall instruct the persons who are primarily responsible for the construction, renovation or acquisition of the facilities financed with Obligations (the “Project”) that the Project must (i) proceed with due diligence toward completion and that (ii) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within six (6) months of the date of closing of the Obligations (the “Issue Date”). The Responsible Person shall monitor that the above requirements are satisfied.
- ii. The Responsible Person shall monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within three years of the Issue Date.
- iii. The Responsible Person shall monitor investment of proceeds of the Obligations and restrict the yield of the investments to the yield on the Obligations after three years of the Issue Date.
- iv. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are later refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes, and shall contact Bond Counsel as necessary.

B. Private Business Use.

Generally, the proceeds of tax-exempt Obligations may not inure to the benefit of entities other than state or local governments (“private business use”). Private business use occurs whenever Obligation proceeds are used to benefit any entity other than a state or local government, *including nonprofit corporations and the federal government.*

A series of Obligations may lose their tax-exempt status if: (i) more than 10% of the proceeds of the Obligations are to be used for any private business use and the payment of the principal or interest on more than 10% of the proceeds of the Obligations is secured by or payable from property used for a private business use, or (ii) the amount of proceeds of the Obligations used to make loans to borrowers other than state and local governments exceeds the lesser of 5% of the proceeds or \$15 million.

With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations, the Responsible Person shall undertake the following to ensure the Obligations do not violate private business use tests.

- a. The Responsible Person shall develop procedures or a “tracking system” to identify, log and record all property financed with tax-exempt debt and identify the issue of Obligations used to finance such property.
- b. The Responsible Person shall monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended.
- c. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, research contract, naming rights agreement, purchase contract, management agreement or other service agreement) with respect to any portion of the Project.
- d. Before entering into any private business use arrangement that involves the use of the Project, the Responsible Person must obtain a description of the proposed private business use arrangement and determine whether such arrangement, if put into effect, will be consistent with the restrictions on private business use of the Project. In connection with the evaluation of any proposed private business use arrangement, the Responsible Person should consult with Bond Counsel to discuss whether such arrangement, if put into effect, will be consistent with the restrictions on private business use of the Project, and, if not, whether any “remedial action” permitted under federal guidelines may be taken as a means of enabling such private business use without adversely affecting the tax-exempt status of the Obligations.
- e. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the Project (*e.g.*, water, gas, electricity, capacity) on any basis other than standard rates and charges.
- f. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, has a naming right for the Project or any other contractual right granting an intangible benefit.
- g. Prior to any sale of property owned by the City (real or personal), the Responsible Person must confirm whether such property was financed with tax-exempt debt, and if so, determine whether the proposed disposition of the property could impact the tax-exempt status of the series of Obligations that financed the acquisition of such property.
- h. The Responsible Person shall take any action necessary to remediate any failure to maintain compliance with the covenants contained in the ordinance authorizing the issuance of the applicable series of Obligations.

C. Record Retention.

The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

For purposes of these procedures, the Memorandum of Bond Counsel dated December 1, 2011 styled "Certain Federal Income Tax Considerations for Record Retention – Record Management Program and Periodic Compliance Review" is incorporated herein and should be reviewed periodically, at least once per year, by the Responsible Person.

D. Responsible Person & Continuity.

Each Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

Prior to cessation of employment with the City, the Responsible Person should identify their successor to maintain compliance with these procedures.

II. FEDERAL SECURITIES LAW

Obligations, whether taxable or tax-exempt, sold in a public offering in an amount of \$1 million or more are subject to Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC"). Additionally, the City may have covenanted to comply with the Rule even with respect to Obligations that would otherwise be exempt from the Rule (*e.g.*, Obligations sold in a private placement or Obligations sold in an amount less than \$1 million). Pursuant to the Rule, the City is required to make annual filings of certain information, as well as make filings upon the occurrence of certain specified events. All filings must be made with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access System ("EMMA") at emma.msrb.org.

A. Annual Filings.

The City must file the information listed below with EMMA within six (6) months of each fiscal year end for so long as the respective series of Obligations remains outstanding. The City's fiscal year ends on September 30 of each year. Therefore, the City must provide updated

information by March 31 of the subsequent year. If audited financial statements are not available by March 31, the City must provide unaudited financial information by such date and provide audited financial statements when such statements become available. The City must file each of the following items with EMMA:

- (1) The City's audited financial statements; and
- (2) An update of the financial tables included in the Official Statement used in connection with the Obligations as described under the caption "Continuing Disclosure of Information". The information should be from the most recent fiscal year end.

The Responsible Person must compile, prepare and make such filings within the required time, or, alternatively, contract with a third-party, such as the City's financial advisor, to make such filings on the City's behalf.

B. Notices of Specified Events.

The City must provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of Obligation holders, if material;
- (8) Obligations calls (includes redemptions and other early payments), if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, if material;

- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material; and
- (15) In a timely manner, notice of a failure of the City to make the required annual filings listed in Subsection II(A) above.

The Responsible Person should review this list at regular intervals to determine whether any event has occurred that may require a filing with EMMA.

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT

DATED _____, 2017

Ratings:

Moody's: " _____ "

S&P: " _____ "

(See "OTHER INFORMATION – RATINGS" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

**CITY OF COLLEGE STATION, TEXAS
(a Home-Rule City located in Brazos County, Texas)**

**\$30,310,000*
GENERAL OBLIGATION IMPROVEMENT
AND REFUNDING BONDS
SERIES 2017**

**\$60,750,000*
CERTIFICATES OF OBLIGATION
SERIES 2017**

Dated Date: July 1, 2017

Interest Accrual Date: Date of Delivery

Due: February 15, as shown on inside cover

The \$30,310,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017 (the "Bonds") and the \$60,750,000* City of College Station, Texas Certificates of Obligation, Series 2017 (the "Certificates") are being issued by the City of College Station, Texas (the "City") pursuant to the terms of two separate ordinances adopted by the governing body of the City. In each of the ordinances, the City Council of the City delegated authority to certain authorized officials of the City to finalize the pricing of the Obligations. The Bonds and the Certificates are referred to herein collectively as the "Obligations."

The Obligations are issuable only in fully registered form in the denomination of \$5,000 principal amount or integral multiples thereof, initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Obligations. The Obligations initially will be available to purchasers in book-entry-form only. So long as Cede & Co. is the registered owner of the Obligations, as nominee for DTC, the Paying Agent/Registrar, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") will pay the principal of and interest on the Obligations to Cede & Co., which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Obligations.

Interest on the Obligations will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. (see "THE OBLIGATIONS - GENERAL DESCRIPTION")

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (see "THE OBLIGATIONS - OPTIONAL REDEMPTION").

In addition to the foregoing optional redemption provision, if in connection with the pricing of the Bonds or the Certificates the principal amounts designated in the separate Maturity Schedules herein are combined to create Term Obligations, each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Obligation and continuing on February 15 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from the Term Obligations then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Obligations of the maturity then subject to redemption which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement (see "THE OBLIGATIONS - MANDATORY SINKING FUND REDEMPTION").

SEE MATURITY SCHEDULE, INTEREST RATES AND YIELDS ON INSIDE COVER

The Obligations are payable from annual ad valorem taxes levied against all taxable property in the City, within the legal limits prescribed by law. The Certificates are additionally payable from a subordinate lien on and pledge of \$1,000 of the surplus revenues of the City's combined utility system (see "THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT," and "- TAX RATE LIMITATION").

The Bonds and the Certificates are being offered by the City concurrently, under a common Official Statement. The Bonds and the Certificates are separate and distinct securities being issued and sold independently except for the Official Statement, and, while the Bonds and Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the date of accrual and payment of interest for each series of the securities being offered, the redemption provisions and the tax treatment of interest for federal income tax purposes.

The Obligations of each series are offered for delivery, when issued, and received by the initial purchasers (the "Initial Purchasers") and subject to the opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City (see "APPENDIX C - FORMS OF OPINIONS OF BOND COUNSEL"). It is expected that the Obligations will be available for delivery through the services of DTC on or about July 12, 2017.

**BIDS DUE THURSDAY, JUNE 14, 2017, AT 9:30 A.M., CDT FOR THE CERTIFICATES
BIDS DUE THURSDAY, JUNE 14, 2017, AT 10:30 A.M., CDT FOR THE BONDS**

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

MATURITY SCHEDULES*

\$30,310,000*

General Obligation Improvement and Refunding Bonds, Series 2017

Due	Interest			CUSIP ⁽¹⁾	Due	Interest			CUSIP ⁽¹⁾
Feb. 15	Principal*	Rate	Yield		Feb. 15	Principal*	Rate	Yield	
2018	470,000				2028 ⁽²⁾	2,805,000			
2019	560,000				2029 ⁽²⁾	2,900,000			
2020	585,000				2030 ⁽²⁾	920,000			
2021	615,000				2031 ⁽²⁾	945,000			
2022	2,045,000				2032 ⁽²⁾	980,000			
2023	2,165,000				2033 ⁽²⁾	1,010,000			
2024	2,285,000				2034 ⁽²⁾	1,040,000			
2025	2,415,000				2035 ⁽²⁾	1,080,000			
2026	2,545,000				2036 ⁽²⁾	1,115,000			
2027	2,675,000				2037 ⁽²⁾	1,155,000			

\$60,750,000*

Certificates of Obligation, Series 2017

Due	Interest			CUSIP ⁽¹⁾	Due	Interest			CUSIP ⁽¹⁾
Feb. 15	Principal*	Rate	Yield		Feb. 15	Principal*	Rate	Yield	
2018	\$3,415,000				2028 ⁽²⁾	\$2,865,000			
2019	2,260,000				2029 ⁽²⁾	2,945,000			
2020	2,390,000				2030 ⁽²⁾	3,040,000			
2021	2,515,000				2031 ⁽²⁾	3,130,000			
2022	2,640,000				2032 ⁽²⁾	3,230,000			
2023	2,765,000				2033 ⁽²⁾	3,340,000			
2024	2,905,000				2034 ⁽²⁾	3,455,000			
2025	2,780,000				2035 ⁽²⁾	3,570,000			
2026	2,920,000				2036 ⁽²⁾	3,685,000			
2027	3,075,000				2037 ⁽²⁾	3,825,000			

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

- (1) CUSIP numbers have been assigned to the Obligations by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (2) The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof (the “Rule”), this document constitutes a Preliminary Official Statement of the City with respect to the Obligations that has been deemed “final” by the City as of its date except for the omission of no more than the information permitted by the Rule.

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.

The information set forth herein has been obtained from the City 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 promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. CUSIP numbers have been assigned to this issue by CUSIP Global Services, and are included solely for the convenience of the owners of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

In connection with this offering, the Initial Purchasers may over-allot or effect transactions which stabilize the market price of the issue at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Obligations are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations 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.

NEITHER THE CITY, ITS FINANCIAL ADVISOR NOR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM.

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 City or other matters described herein since the date hereof.

The Initial Purchasers have provided the following sentence for inclusion in this Official Statement. The Initial Purchasers have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchasers do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See “OTHER INFORMATION – FORWARD-LOOKING STATEMENTS DISCLAIMER” herein.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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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.

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 Obligations 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 CITY..... The City of College Station, Texas (the “City”) is a political subdivision and a home-rule city of the State, located in Brazos County, Texas. The City covers approximately 51.6 square miles (see “INTRODUCTION - DESCRIPTION OF THE CITY”).

THE BONDS..... The Bonds are issued as \$30,310,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017. The Bonds are issued as serial bonds maturing on February 15 in each of the years 2018-2037, inclusive (see “THE OBLIGATIONS - GENERAL DESCRIPTION”). If two or more serial maturities of the Bonds are grouped into a single maturity (the “Term Bonds”) by the Initial Purchasers, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Bond Ordinance.

THE CERTIFICATES The Certificates are issued as \$60,750,000* City of College Station, Texas Certificates of Obligation, Series 2017. The Certificates are issued as serial certificates maturing on February 15 in each of the years 2018-2037, inclusive (see “THE OBLIGATIONS - GENERAL DESCRIPTION”). If two or more serial maturities of the Certificates are grouped into a single maturity (the “Term Certificates”) by the Initial Purchasers, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Certificate Ordinance.

PAYMENT OF INTEREST Interest on the Bonds will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. (see “THE OBLIGATIONS - GENERAL DESCRIPTION”).

AUTHORITY FOR ISSUANCE

OF THE BONDS..... The Bonds are issued pursuant to the general laws of the State, particularly Chapters 1207, 1251, 1331 and 1371, Texas Government Code, an ordinance passed by the City Council of the City, and an election held November 4, 2008. In the ordinance authorizing the issuance of the Bonds, the City Council delegated pricing of the Bonds to a “Pricing Officer” who will approve the terms of sale of the Bonds. (see “THE OBLIGATIONS - AUTHORITY FOR ISSUANCE OF THE BONDS”).

AUTHORITY FOR ISSUANCE

OF THE CERTIFICATES The Certificates are issued pursuant to the general laws of the State, particularly Chapter 1371, Texas Government Code and Subchapter C of Chapter 271, Texas Local Government Code, as amended; and an ordinance passed by the City Council of the City. In the ordinance authorizing the issuance of the Certificates, the City Council delegated pricing of the Certificates to a “Pricing Officer” who will approve the terms of sale of the Certificates. (see “THE OBLIGATIONS - AUTHORITY FOR ISSUANCE OF THE CERTIFICATES”).

SECURITY FOR THE

BONDS The Bonds constitute direct obligations of the City, secured by and payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”). Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation.

SECURITY FOR THE

CERTIFICATES..... The Certificates constitute direct obligations of the City, secured by and payable from a combination of (i) the levy and collection of an annual direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a subordinate lien on and pledge of \$1,000 of the surplus revenues derived from the City’s combined utility system (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”). Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation.

* Preliminary, subject to change. See “CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS” and “ - POST BID MODIFICATION” in the Notice of Sale and Bidding Instructions.

REDEMPTION	The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”). Additionally, the Obligations may be subject to mandatory redemption in the event the Initial Purchasers elect to aggregate one or more maturities as a term Obligation. (See “THE OBLIGATIONS – MANDATORY SINKING FUND REDEMPTION.”)
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, including the alternative minimum tax on corporations. See “TAX MATTERS” for a discussion of the opinion of Bond Counsel and Exhibit C.
USE OF BOND PROCEEDS	Proceeds from the sale of the Bonds will be used to (i) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (ii) pay for the costs of constructing and improving the City library (iii) refund certain obligations of the City described in Schedule I to this Official Statement (the “Refunded Obligations”) and (iv) pay the costs incurred in connection with the issuance of the Bonds (see “PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS”).
USE OF CERTIFICATE PROCEEDS.....	Proceeds from the sale of the Certificates will be used for (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City’s combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) to pay the costs incurred in connection with the issuance of the Certificates (see “PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS”).
RATINGS	The Obligations and presently outstanding tax supported debt of the City are rated “_____” by Moody’s Investors Service, Inc. (“Moody’s”) and “_____” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), without regard to credit enhancement (see “OTHER INFORMATION – RATINGS”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations 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 Obligations (see “THE OBLIGATIONS - BOOK-ENTRY-ONLY SYSTEM”).
PAYMENT RECORD	Other than a late payment on the City’s Certificates of Obligation, Series 2002 that occurred in 2003, the City has never defaulted in payment of its general obligation tax debt.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Net Ad Valorem Tax Debt ⁽³⁾	Per Capita Net Ad Valorem Tax Debt	Ratio Tax	Percent Total Collection
						Debt to Taxable Assessed Valuation	
2012	97,888	\$ 5,738,615,002	\$ 58,624	\$ 96,390,000	\$ 985	1.68%	100.09%
2013	99,918	5,944,312,987	59,492	96,750,000	968	1.63%	100.30%
2014	102,117	6,231,119,010	61,019	88,100,000	863	1.41%	100.15%
2015	106,465	6,654,600,834	62,505	101,630,000	955	1.53%	99.17%
2016	109,859	7,162,738,280	65,199	118,350,000	1,077	1.65%	100.03%
2017	109,936	7,623,964,171 ⁽⁴⁾	69,349	172,625,000 ⁽⁵⁾	1,570 ⁽⁵⁾	2.26% ⁽⁵⁾	89.70% ⁽⁶⁾

(1) Source: The City.

(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.

(3) Payable from ad valorem taxes. Does not include self-supporting debt. See "TABLE 10 – SELF-SUPPORTING DEBT" for detail on the City's self supported tax debt.

(4) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(5) Projected, includes the Obligations and excludes the Refunded Obligations.

(6) Collections as of March 15, 2017. A portion of the City's taxpayer base has elected to provide split payments to the City which will be due in part on June 30, 2017.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Beginning Balance	\$ 22,423,064	\$ 20,244,248	\$ 15,925,531	\$ 16,492,693	\$ 14,393,033
Total Revenue	60,087,950	58,378,174	50,325,825	48,229,096	46,560,274
Total Expenditures	77,508,715	68,827,167	61,303,335	59,483,559	55,670,118
Other Financing Sources	14,130,903	12,627,809	15,296,227	10,687,301	11,209,504
Ending Balance ⁽¹⁾	<u>\$ 19,133,202</u>	<u>\$ 22,423,064</u>	<u>\$ 20,244,248</u>	<u>\$ 15,925,531</u>	<u>\$ 16,492,693</u>

(1) The City's financial policies require a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus may be expended in future years for one time expenditures such as capital items and short term projects.

(2) Restated.

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Electric	\$ 98,904,688	\$ 98,763,293	\$ 95,677,765	\$ 92,892,541	\$ 94,396,234
Water and Wastewater	29,484,851	28,732,968	27,550,262	29,018,108	27,652,449
Interest	346,312	180,423	116,433	170,062	136,974
Other	3,636,420	3,546,138	2,890,061	3,670,710	2,857,223
Total Revenues	<u>\$ 132,372,271</u>	<u>\$ 131,222,822</u>	<u>\$ 126,234,521</u>	<u>\$ 125,751,421</u>	<u>\$ 125,042,880</u>
Expenses:					
Total Expenses	<u>\$ 76,771,094</u>	<u>\$ 82,079,813</u>	<u>\$ 100,235,329</u>	<u>\$ 90,519,871</u>	<u>\$ 88,927,662</u>
Net Available for Debt Service	<u>\$ 55,601,177</u>	<u>\$ 49,143,009</u>	<u>\$ 25,999,192</u>	<u>\$ 35,231,550</u>	<u>\$ 36,115,218</u>
Water (Units Served)	41,709	41,540	40,768	40,767	39,338
Wastewater (Units Served)	40,866	40,806	39,128	38,608	36,908
Electric (Units Served)	40,141	43,471	38,198	38,456	39,123

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Position	Length of Service	Term Expiration	Occupation
Karl P. Mooney	Mayor	4 mos ⁽¹⁾	11/19	Texas A&M University Director
Julie Schultz	Mayor Pro Tem	6 Years ⁽²⁾	11/17	Business Owner
Blanche Brick	Council Member	6 Years ⁽³⁾	11/17	Professor
Jerome Rektorik	Council Member	4 mos ⁽⁴⁾	11/19	Retired
Linda Harvell	Council Member	4 mos ⁽⁴⁾	11/17	Business Owner
Barry Moore	Council Member	4 mos ⁽⁴⁾	11/18	Commercial RE Broker
James Benham	Council Member	4.5 Years ⁽³⁾	11/18	Business Owner

(1) Elected November 2016 - Former City of College Station Council Member 2011-2016

(2) Elected November 2012.

(3) Elected May 2011.

(4) Elected November 2016.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City (in Years)
Kelly Templin	City Manager	5.0 ⁽¹⁾
Chuck Gillman	Deputy City Manager	9.5 ⁽²⁾
Jeff Kersten	Assistant City Manager	26.0 ⁽³⁾
Jeff Capps	Assistant City Manager	24.0 ⁽⁴⁾
Carla Robinson	City Attorney	18.5
Sherry Mashburn	City Secretary	6.5
Ty Elliott	Internal Auditor	9.0
Mary Ellen Leonard	Director of Finance	1.0
David Coleman	Director of Water Services	11.5
Timothy Crabb	Director of Electric Utility	10.5 ⁽⁵⁾
Ben Roper	Director of Information Technology	12.5
David Schmitz	Director of Parks and Recreation	9.0 ⁽⁶⁾
Lance Simms	Director of Development Services	21.0 ⁽⁷⁾
Donald Harmon	Director of Public Works and CIP	17.5 ⁽⁸⁾
Alison Pond	Director of Human Resources	8.5
Jay Socol	Public Communications Director	7.5

(1) City Manager since November 2013; previously served as Planning & Development Director 2002-2004.

(2) Deputy City Manager since January 2014; previously served as Director of Public Works and CIP.

(3) Assistant City Manager since January 2014; previously served as Chief Financial Officer.

(4) Assistant City Manager since June 2014; previously served as Chief of Police.

(5) Director of Electric Utility since December 2012; previously served as Assistant Director of Electric Utility.

(6) Director of Parks and Recreation since May 2011; previously served as Assistant Director of Parks and Recreation.

(7) Director of Development Services since March 2014; previously Assistant Director of Development Services.

(8) Director of Public Works and CIP since January 2014; previously Assistant Director of Public Works and CIP.

CONSULTANTS AND ADVISORS

Auditors Ingram, Wallis & Company
Bryan, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor..... First Southwest, a Division of Hilltop Securities Inc.
Houston, Texas

For additional information regarding the City, please contact:

Jeff Kersten
Assistant City Manager
City of College Station
1101 Texas Avenue
College Station, Texas 77840
(979) 764-3555 Phone

or

Drew Masterson
First Southwest, a Division of
Hilltop Securities Inc.
700 Milam Street, Suite 500
Houston, Texas 77002
(713) 651-9850 Phone

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF COLLEGE STATION, TEXAS (a Home-Rule City located in Brazos County, Texas)

\$30,310,000* GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS SERIES 2017

\$60,750,000* CERTIFICATES OF OBLIGATION SERIES 2017

INTRODUCTION

This Official Statement, which includes the cover pages and Appendices hereto, provides certain information regarding the issuance of the \$30,310,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017 (the "Bonds") and the \$60,750,000* City of College Station, Texas Certificates of Obligation, Series 2017 (the "Certificates"). The Bonds and the Certificates are referred to herein collectively as the "Obligations." Capitalized terms used in this Official Statement, except as otherwise indicated herein, have the same meanings assigned to such terms in the ordinances authorizing the issuance of the Bonds (the "Bond Ordinance") and the Certificates (the "Certificate Ordinance"), respectively. The Bond Ordinance and the Certificate Ordinance are collectively referred to herein as the "Ordinances." In the Ordinances, the City Council delegated to certain officers known as "Pricing Officers" of the City the authority to finalize the pricing of the Obligations.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City 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 City's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc., Houston, Texas.

DESCRIPTION OF THE CITY

The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in October 1938, and first adopted its Home-Rule Charter in October 1938, which was last amended in November 2012. The City operates under a Council/City Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population was 93,857 and the current estimated population of the City is 109,956. The City covers approximately 51.6 square miles.

PLAN OF FINANCING

PURPOSE OF THE BONDS

Proceeds from the sale of the Bonds will be used to (i) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (ii) pay for the costs of constructing and improving the City library (iii) refund certain obligations of the City described in Schedule I to this Official Statement (the "Refunded Obligations") and (iv) pay the costs incurred in connection with the issuance of the Bonds (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

PURPOSE OF THE CERTIFICATES

Proceeds from the sale of the Certificates will be used for (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City's combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) to pay the costs incurred in connection with the issuance of the Certificates (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

REFUNDED OBLIGATIONS

The principal of and interest due on the Refunded Obligations are to be paid on the respective interest payment dates and redemption dates of such Refunded Obligations, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"). The Bond Ordinance authorizing the Bonds provides that from the proceeds of the sale of the Bonds and other available moneys of the City, if any, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States or (ii) 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 City adopts 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 (the "Escrow Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the underwriters listed on the cover page hereof (the "Initial Purchasers") the mathematical accuracy of the schedules that demonstrate the Escrow Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. **Such maturing principal of and interest on the Escrow Securities will not be available to make debt service payments on the Bonds** (see "OTHER INFORMATION - VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Escrow Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement sufficient to pay the redemption price of the Refunded Obligations on their respective redemption dates, the City will have effected the defeasance of all of the Refunded Obligations in accordance with State law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or revenues nor for the purpose of applying any limitation on the issuance of debt.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the Escrow Securities and cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF PROCEEDS

The proceeds from the sale of the Obligations, and the cash contribution by the City, will be applied approximately as follows:

THE BONDS			THE CERTIFICATES		
Sources of Funds			Sources of Funds		
Par Amount	\$	-	Par Amount	\$	-
Original Issue Premium		-	Original Issue Premium		-
Issuer Contribution		-	Total Uses of Funds	\$	-
Total Uses of Funds	\$	-			
Use of Funds			Use of Funds		
Deposit to Project Fund	\$	-	Deposit to Project Fund	\$	-
Deposit to Escrow Fund		-	Deposit to Interest and Sinking Fund		-
Deposit to Interest and Sinking Fund		-	Underwriters' Discount		-
Underwriters' Discount		-	Costs of Issuance		-
Costs of Issuance		-	Total Uses of Funds	\$	-
Total Uses of Funds	\$	-			

THE OBLIGATIONS

GENERAL DESCRIPTION

The Obligations will bear interest from the date of delivery to the Initial Purchasers, and mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Obligations will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Obligations 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, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations 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 Obligations (see "BOOK-ENTRY-ONLY SYSTEM").

AUTHORITY FOR ISSUANCE OF THE BONDS

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1251, 1207, 1331 and 1371, Texas Government Code, as amended; an election held November 4, 2008 passed by a majority of the participating voters; and the Bond Ordinance.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1371, Texas Government Code and Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended; and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT

The Bonds are secured by and payable from a direct and continuing annual ad valorem tax levied within the limits prescribed by law, against all taxable property in the City.

The Certificates are secured by and payable from an annual continuing ad valorem taxes levied against all taxable property in the City, within the legal limits prescribed by law and payable from a subordinate lien on and pledge of \$1,000 of the surplus revenues of the City's combined utility system.

TAX RATE LIMITATION

All taxable property within the City is subject to the assessment, levy and collection by the City 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 City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service for obligations payable from annual ad valorem property taxes, as calculated at the time of issuance.

OPTIONAL REDEMPTION

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City shall determine the Obligations, or portions thereof, within such maturity to be redeemed. If Obligations (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligations (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.

MANDATORY SINKING FUND REDEMPTION

In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedules show on the inside cover page hereof are combined to create term bonds (the “Term Bonds”) or if principal amounts in the serial maturity schedule shown on the inside cover page hereof are combined to create term certificates (the “Term Certificates” and together with the Term Bonds the “Term Obligations”), each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Obligation and continuing on February 15 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the Maturity Schedules herein. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from the Term Obligations then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Obligations of the maturity then subject to redemption which at least 45 days prior to the mandatory sinking fund redemption date have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NOTICE OF REDEMPTION

Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations 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. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the Ordinances have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Obligations is to be transferred and how the principal of and interest on the Obligations are to be paid to and credited by the DTC while the Obligations 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 City, the Financial Advisor and the Initial Purchasers believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor and the Initial Purchasers cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, 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 Obligations), 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 Obligations. The Obligations will be issued as fully-registered securities 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 for each maturity will be issued for the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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 is the holding company for DTC, National Securities Clearing Corporation,

and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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”). Direct Participants and Indirect Participants are referred to collectively herein as “Participants”. DTC is rated AA+ by Standard and Poor’s. 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.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for such purchases on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system described herein is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Obligations within a maturity in the series are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Obligations 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 City and the Paying Agent/Registrar, on 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, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 City and the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligations 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 Obligations 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 Obligations, 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 Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry 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 City or the Initial Purchasers.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In each Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations of either series are duly paid and any successor Paying Agent/Registrar must be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations of either series. Upon any change in the Paying Agent/Registrar for the Obligations, the City will promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice will also include the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will 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. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the corporate trust 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Bonds or Certificates registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar will be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT

The record date ("Record Date") for determining the person to whom the interest is payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (a "Special Payment Date," which will be 15 days after the Special Record Date) will be sent at least five days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the day next preceding the date of mailing of such notice.

DEFEASANCE

The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations. The Ordinances provide that "Defeasance Securities" means (a) direct, noncallable 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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (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 rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any securities and obligations now or hereafter authorized by Texas law that are eligible to refund, retire or otherwise discharge obligations such as the Obligations. In the Ordinances, the Pricing Officer is authorized to restrict such eligible securities and obligations as deemed appropriate to accommodate requests from potential investors. The City has additionally reserved the right, subject to satisfying the requirement of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvestment the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

REMEDIES OF HOLDERS OF OBLIGATIONS

The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Obligations including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of either series of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken of the initiative of, and be financed by, the registered owners of the Obligations. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, registered owners of either series of the Obligations may not be able to bring such a suit against City for breach of the Obligations of covenants contained in either Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Chapter 1371 of the Texas Government Code, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Obligations, but the City has not waived sovereign immunity.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered owners of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors, principles of sovereign immunity and by general principles of equity which permit the exercise of judicial discretion.

TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the City is the responsibility of the Brazos 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 Title 1, Texas Tax Code (referred to herein as 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 the 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 property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, (b) the appraised value of the property for the preceding tax year and (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 City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to 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.

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; (2) An exemption to the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (3) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000. In addition State law mandates a complete exemption for the residential homestead of disabled veterans determined to be 100% disabled by the U.S. Department of Veterans Affairs. Further, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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. Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. On December 8, 2011, the Council passed an ordinance approving taxation on certain goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

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 owned as nonbusiness property are exempt 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.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones within the City, 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. The City 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 City 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. See “- TAX ABATEMENT POLICY” for a discussion of the City’s economic development guidelines and criteria.

CONSTITUTIONAL AMENDMENT

In a statewide election held on September 13, 2003, voters approved an amendment to Section 1-b, Article VIII of the Texas Constitution, that authorized a county, city, town or junior college district to establish an ad valorem tax freeze on residence homesteads of the disabled and of the elderly and their spouses. City Council did not take action to establish the tax limitation. Voters within the City were authorized to submit a petition signed by five percent of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

A petition was submitted and an election was held on May 10, 2008. The voters of College Station voted to approve the ad valorem tax freeze. The City can provide no assurances of the impact, if any, implementation of this ad valorem tax freeze may have on the City’s finances.

Under the tax freeze, the total amount of ad valorem taxes imposed by the City on a homestead that receives the exemption may not be increased while it remains the residence homestead of that person or that person's spouse who is disabled or sixty-five years of age or older, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is fifty-five years of age or older at the time of the person's death. In addition, the Texas Legislature by general law may provide for the transfer of all or a proportionate amount of the tax limitation applicable to a person's homestead to be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By the later of September 28th or 60 days after the certified appraisal roll is delivered to the City, the City Council adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its “effective tax rate” and “rollback tax rate”. A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearing (including the requirement that notice be posted on the City’s website if City owns, operates or controls an internet website and public notice be given by television if the City has a free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City 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 the 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 City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recent published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 15 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 before February 15 of each year and the final installment due before August 15.

PENALTIES AND INTEREST

Charges for penalties 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, an amount up to 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 City’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.

CITY APPLICATION OF PROPERTY TAX CODE

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000. The City has not granted an additional exemption of 20% of the market value of residence homesteads. Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt. The City does not tax nonbusiness personal property. The City does permit split payments, but discounts are not allowed. The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes. The City has adopted a tax abatement policy (see "TAX INFORMATION - TAX ABATEMENT POLICY"). An election was held on May 10, 2008 and the voters of College Station approved the ad valorem tax freeze for residential homesteads for disabled and age 65 or older persons. Brazos County collects the taxes for the City.

TAX ABATEMENT POLICY

The City has established tax abatement guidelines and criteria for economic development prospects in the City. In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement:

1. Must be expected to have an increased appraised ad valorem tax value of at least \$1,000,000 based upon the Brazos Central Appraisal District's assessment of the eligible property.
2. Must be expected to prevent the loss of payroll or retain, increase or create a payroll on a permanent basis in the City.

The following factors among others should be considered in determining whether to grant tax abatement and, if so, the percentage of value to be abated and the duration of the tax abatement:

1. Value of land and existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number of type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether persons residing or projected to reside within the City will have the opportunity to fill the new jobs being created;
8. Amount of local taxes to be generated directly;
9. Amount of property tax base valuation which will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000;
10. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements;
11. The amount of ad valorem taxes to be paid to the City during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the value after expiration of the abatement period;
12. The population growth of the City that occurs directly as result of new improvements;
13. The types of public improvements, if any, to be made by the applicant seeking abatement;
14. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
15. The impact on the business opportunities of existing businesses;
16. The attraction of other new businesses to the area;
17. The overall compatibility with the zoning ordinances and comprehensive plan for the area; and/or
18. Whether the project is environmentally compatible with no negative impact on quality of life perceptions.

Neither a Reinvestment Zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government service or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals;
4. Violation of other code or laws;
5. The agreement was signed after the commencement of construction, alteration or installation of improvements related to the project; or
6. Any other reason deemed appropriate by the City Council

ECONOMIC DEVELOPMENT

In the fall of 2013, the College Station City Council adopted an Economic Development Master Plan. This document represents the City's first such effort and joins the many other Master Plans, Neighborhood, Corridor, and District Plans created to aid in successful implementation of the Comprehensive Plan. The Master Plan defines the goals and objectives of the City's economic development efforts and lays out strategies and detailed actions to achieve these goals and objectives. The plan specifically identified six strategic initiatives that the City's economic development program area should focus its efforts on: sustain and enhance high quality of life; support and partner with Texas A&M University and the Texas A&M University System; support retail development; support and stimulate biotechnology research and advanced manufacturing; support and stimulate health and wellness market; and support and stimulate sports, entertainment, and hospitality market.

Furthermore, the Plan also details how the plan should be monitored and updated over time, and identifies a series of formal economic development policy guidelines that were also adopted. These guidelines state that in order to ensure the ongoing competitiveness of the community, no State authorized incentive should immediately be discounted. The Texas Constitution and multiple State statutes identify the role of economic development by both the State and its municipalities as a public purpose. While recognizing there is no standard strategy, policy, or program for economic development, the Texas Legislature has created a vast array of tools that local governments have at their disposal. The objective of these tools is to not only encourage development and diversification of the Texas economy, but to simultaneously enhance the participating community's overall quality of life. Incentives to consider may include, but not be limited to: Chapter 380 financing; development fee rebates; enterprise zone program sponsorship; Freeport exemptions; infrastructure assistance; land transactions; delayed annexation or limited purpose annexation; special districts; reinvestment zones (tax abatement or tax increment); and fast track development process.

The City and the City of Bryan, Texas have also entered into an "Interlocal Cooperation and Joint Development Agreement" (the "Interlocal Agreement") in connection with implementing a joint economic development program known as the Joint Research Valley BioCorridor Development Project (the "Project"). Under the terms of the Interlocal Agreement, the City will make funds available to the City of Bryan, and the City of Bryan will make funds available to the City, for certain defined public infrastructure projects that are intended to enhance development of the Project. The obligations of each city under the Interlocal Agreement shall not constitute a debt for purposes of any provision of the State Constitution, and are intended to be paid from the general revenues of each city.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2016/2017 Market Valuation Established by Brazos Central Appraisal District (excluding exempt property)		\$ 7,901,230,529
Less Exemptions/Reductions at 100% Market Value:		
Productivity Loss	\$ 111,870,902	
Over 65 Homestead Exemptions	89,462,038	
Community Housing Development Organization	9,383,418	
Member Armed Service Surviving Spouse	585,429	
Freeport	11,346,209	
Disabled Veteran	23,215,835	
Homestead	22,886,151	
Abatements	8,516,376	277,266,358
2016/2017 Taxable Assessed Valuation		\$ 7,623,964,171 ⁽¹⁾
Debt Payable from Ad Valorem Taxes (as of 2/15/2017)		
General Obligation Improvement Bonds, Series 2008	1,240,000	
Certificates of Obligation, Series 2008	3,705,000	
General Obligation Refunding Bonds, Series 2009	1,340,000	
Certificates of Obligation, Series 2009 ^{*(2)}	9,850,000	
General Obligation Improvement Bonds, Series 2009 ^{*(2)}	1,020,000	
General Obligation Refunding Bonds, Series 2010	16,720,000	
Certificates of Obligation, Series 2010	2,120,000	
General Obligation Improvement Bonds, Series 2010	14,340,000	
Certificates of Obligation, Series 2011	6,205,000	
General Obligation Improvement Bonds, Series 2011	225,000	
Certificates of Obligation, Series 2012	13,355,000	
General Obligation Improvement and Refunding Bonds, Series 2012	12,990,000	
Certificates of Obligation, Series 2013	8,735,000	
General Improvement and Refunding Bonds, Series 2013	15,335,000	
Certificates of Obligation, Series 2014	29,450,000	
General Improvement and Refunding Bonds, Series 2014	27,865,000	
Certificates of Obligation, Series 2016	23,675,000	
General Improvement and Refunding Bonds, Series 2016	38,420,000	
The Bonds*	30,310,000	
The Certificates ^{*(3)}	60,750,000	317,650,000
Less: Self Supporting Debt ⁽⁴⁾		\$ 145,025,000
Less: Interest and Sinking Fund as of 9/30/2016		4,793,558
Net Debt Payable from Ad Valorem Taxes		<u>\$ 167,831,442</u>
Ratio of Net Debt Payable from Ad Valorem Taxes to Taxable Assessed Valuation ⁽⁵⁾		2.20%
2017 Estimated Population - 109,936		
Per Capita Taxable Assessed Valuation - \$69,349		
Per Capita Net Funded Debt - \$1,527 ⁽⁵⁾		

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

(1) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(2) Excludes the Refunded Obligations.

(3) The debt service on a portion of the Certificates will be internally allocated by the City as being payable from the surplus revenues from the respective enterprise funds. Although the City expects to pay for this portion of the Certificates with surplus enterprise funds, the Certificates are secured solely by a pledge of ad valorem taxes and by a pledge of combined utility system surplus net revenues limited to \$1,000. See "THE OBLIGATIONS- SECURITY AND SOURCE OF PAYMENT." There is no guarantee that payments from these enterprise funds will be made. If payments are not made from the enterprise funds, the City will be required to levy ad valorem taxes in amounts sufficient to make such payments.

(4) In the past, the City has sold certificates of obligation to finance projects for the City's water and sewer system, and electric system and has internally allocated portions of this debt as payable from the respective enterprise funds. The self-supporting amounts listed above are projections of debt that is expected to be retired by the City based on actual historical payments from these funds to pay for debt service the outstanding certificates of obligation. There is no guarantee that payments from these funds will continue in the future. Includes a portion of the Obligations. See "DEBT INFORMATION - TABLE 10 - SELF SUPPORTING DEBT."

(5) Net of Interest and Sinking Fund as of September 30, 2016.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value, Fiscal Year Ending September 30,					
	2017		2016		2015	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,470,806,990	56.58%	\$ 3,942,774,761	53.35%	\$ 3,657,836,541	53.15%
Real, Residential, Multi-Family	1,275,467,653	16.14%	1,326,289,539	17.95%	1,296,417,661	18.84%
Real, Vacant Lots/Tracts	158,722,669	2.01%	142,089,823	1.92%	141,077,944	2.05%
Real, Acreage (Land Only)	87,626,228	1.11%	92,882,946	1.26%	109,675,903	1.59%
Real, Farm and Ranch Improvements	113,059,943	1.43%	108,202,479	1.46%	74,289,622	1.08%
Real, Commercial/Industrial	1,340,756,747	16.97%	1,330,864,915	18.01%	1,204,879,922	17.51%
Real, Oil, Gas & Other Mineral Reserves	5,036,746	0.06%	10,793,941	0.15%	3,227,032	0.05%
Real and Tangible Personal, Utilities	40,325,800	0.51%	30,944,850	0.42%	37,673,140	0.55%
Tangible Personal, Business	371,077,880	4.70%	369,625,180	5.00%	330,937,290	4.81%
Tangible Personal, Other	1,988,130	0.03%	2,024,340	0.03%	2,096,570	0.03%
Real Property Inventory	23,079,643	0.29%	17,672,671	0.24%	13,256,668	0.19%
Special Inventory	13,282,100	0.17%	15,787,080	0.21%	10,534,560	0.15%
Total Appraised Value Before Exemption	\$ 7,901,230,529	100.00%	\$ 7,389,952,525	100.00%	\$ 6,881,902,853	100.00%
Less: Total Exemptions/Reductions	277,266,358		227,214,245		227,302,019	
Taxable Assessed Value	<u>\$ 7,623,964,171</u>		<u>\$ 7,162,738,280</u>		<u>\$ 6,654,600,834</u>	

Category	Taxable Appraised Value, Fiscal Year Ending September 30,			
	2014		2013	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 3,449,698,417	53.49%	\$ 3,277,087,380	53.12%
Real, Residential, Multi-Family	1,121,645,054	17.39%	1,070,207,772	17.35%
Real, Vacant Lots/Tracts	142,441,840	2.21%	118,939,480	1.93%
Real, Acreage (Land Only)	111,056,120	1.72%	171,879,670	2.79%
Real, Farm and Ranch Improvements	76,318,782	1.18%	22,726,592	0.37%
Real, Commercial/Industrial	1,159,961,447	17.99%	1,121,943,869	18.19%
Real, Oil, Gas & Other Mineral Reserves	3,329,602	0.05%	5,391,913	0.09%
Real and Tangible Personal, Utilities	35,261,190	0.55%	35,139,050	0.57%
Tangible Personal, Business	318,648,040	4.94%	309,881,970	5.02%
Tangible Personal, Other	2,138,640	0.03%	2,217,020	0.04%
Real Property Inventory	18,049,612	0.28%	23,728,660	0.38%
Special Inventory	10,293,530	0.16%	8,851,423	0.14%
Exempt Property Adjustment	-	0.00%	794,503	0.01%
Total Appraised Value Before Exemption	\$ 6,448,842,274	100.00%	\$ 6,168,789,302	100.00%
Less: Total Exemptions/Reductions	217,723,264		224,476,315	
Taxable Assessed Value	<u>\$ 6,231,119,010</u>		<u>\$ 5,944,312,987</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Brazos 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 ⁽²⁾	Taxable Assessed Valuation Per Capita	Net G.O. Tax Debt ⁽³⁾	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation ⁽⁴⁾	Net G.O. Tax Debt Per Capita ⁽⁵⁾
2012	96,603	\$ 5,738,615,002	\$ 59,404	\$ 96,390,000	1.68%	\$ 998
2013	97,534	5,944,312,987	60,946	96,750,000	1.63%	992
2014	99,918	6,231,119,010	62,362	88,100,000	1.41%	882
2015	102,117	6,654,600,834	65,166	101,630,000	1.53%	995
2016	106,465	7,162,738,280	67,278	118,350,000	1.65%	1,112
2017	109,936	7,623,964,171 ⁽⁴⁾	69,349	172,625,000 ⁽⁵⁾	2.26% ⁽⁵⁾	1,570 ⁽⁵⁾

(1) Source: The City.

(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.

(3) Payable from ad valorem taxes. Does not include self-supporting debt.

(4) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(5) Projected, includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	\$0.4380	\$ 0.2365	\$ 0.2015	\$ 24,979,685	99.13%	100.09%
2013	0.4307	0.2351	0.1956	25,503,096	99.31%	100.30%
2014	0.4260	0.2329	0.1931	26,407,915	99.26%	100.15%
2015	0.4525	0.2594	0.1931	29,803,314	98.70%	99.17%
2016	0.4525	0.2594	0.1931	32,065,351	98.95%	100.03%
2017	0.4725	0.2772	0.1953	36,653,864	89.62% ⁽¹⁾	89.70% ⁽¹⁾

(1) Collections as of March 15, 2017. A portion of the City's taxpayer base has elected to provide split payments to the City which will be due in part on June 30, 2017.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2016/2017 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
CPP College Station I LLC	Apartments	\$ 61,727,000	0.81%
College Station Hospital L.P.	Medical	57,451,650	0.75%
Post Oak Mall - College Station, LLC	Retail	57,260,420	0.75%
Woodridge College Station Phase II LLC	Retail	54,965,810	0.72%
SHP - The Callaway House LP	Apartments	53,134,907	0.70%
Woodridge College Station Phase I LLC	Retail	52,800,680	0.69%
Midway Hospitality LP	Retail	51,395,920	0.67%
Culpepper Family L.P.	Housing	47,459,390	0.62%
Southwest Meadows Point LP	Apartments	45,867,137	0.60%
TAM The Rise Property LLC	Apartments	45,454,261	0.60%
		<u>\$ 527,517,175</u>	<u>6.92%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE OBLIGATIONS - TAX RATE LIMITATION").

TABLE 6 - TAX ADEQUACY

Net Maximum Tax Supported Principal and Interest Requirements (2018).....	\$ 19,150,492 ⁽¹⁾
\$0.25373 Tax Rate at 99% Collection Produces	\$ 19,150,841
Net Average Tax Supported Principal and Interest Requirements (2017-2037).....	\$ 11,855,929 ⁽¹⁾
\$0.15708 Tax Rate at 99% Collection Produces	\$ 11,855,966

(1) Includes the Obligations and excludes the Refunded Obligations and self supporting debt. Interest has been estimated for the purpose of illustration. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed by the City from information obtained from the Brazos Central Appraisal District. Except for the amounts relating to the City, the City 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 debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

	2016/2017 Taxable	2016	Total	Estimated	City's
	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Debt as</u>	<u>%</u>	<u>Overlapping</u>
			<u>of 2/15/2017</u>	<u>Applicable</u>	<u>Tax Debt as</u>
					<u>of 2/15/2017</u>
City of College Station	\$ 7,623,964,171 ⁽¹⁾	0.4525	\$ 172,625,000 ⁽²⁾	100.00%	\$ 172,625,000
Brazos County	14,622,516,371	0.4850	85,435,000	47.07%	40,214,255
Bryan ISD	6,307,403,104	1.3500	231,015,000	2.05%	4,735,808
College Station ISD	7,951,667,826	1.3960	377,605,000	88.50%	334,180,425
Total Direct and Overlapping Funded Tax Debt					\$ 551,755,487
Ratio of Direct and Overlapping Funded Tax Debt to Taxable Assessed Valuation					7.237%
Per Capita Overlapping Funded Tax Debt					\$ 5,019

Source: Municipal Advisory Council of Texas.

- (1) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal. This amount is subject to change during ensuing year.
- (2) Projected, includes the Obligations and excludes self supporting debt. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 - PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS*

Year End 9/30	Total Outstanding Debt	Less: The Refunded Obligations*	The Bonds*			The Certificates*			Less: Self-Supporting Debt Service ⁽²⁾	Total Net Tax Supported Debt Service Requirements ⁽²⁾
			Principal	Interest ⁽¹⁾	Total	Principal	Interest ⁽¹⁾	Total		
2017	\$ 32,270,837	\$ 325,989							\$ 16,823,045	\$ 15,121,803
2018	29,104,499	651,979	\$ 470,000	1,365,940	1,835,940	\$ 3,415,000	\$ 2,600,350	\$ 6,015,350	17,153,318	19,150,492
2019	27,459,044	651,979	560,000	1,224,506	1,784,506	2,260,000	2,232,956	4,492,956	16,399,945	16,684,582
2020	27,486,822	651,979	585,000	1,195,881	1,780,881	2,390,000	2,116,706	4,506,706	16,464,876	16,657,554
2021	25,867,554	651,979	615,000	1,165,881	1,780,881	2,515,000	1,994,081	4,509,081	16,102,675	15,402,862
2022	23,540,834	2,146,434	2,045,000	1,099,381	3,144,381	2,640,000	1,865,206	4,505,206	15,332,788	13,711,200
2023	22,582,261	2,167,756	2,165,000	994,131	3,159,131	2,765,000	1,730,081	4,495,081	13,004,968	15,063,750
2024	21,873,974	2,173,766	2,285,000	882,881	3,167,881	2,905,000	1,588,331	4,493,331	12,673,745	14,687,675
2025	20,168,467	2,189,145	2,415,000	765,381	3,180,381	2,780,000	1,446,206	4,226,206	12,132,969	13,252,941
2026	18,934,248	2,188,418	2,545,000	641,381	3,186,381	2,920,000	1,303,706	4,223,706	11,512,674	12,643,244
2027	16,250,603	2,192,468	2,675,000	510,881	3,185,881	3,075,000	1,153,831	4,228,831	10,157,601	11,315,247
2028	14,551,445	2,211,830	2,805,000	401,931	3,206,931	2,865,000	1,033,981	3,898,981	10,601,784	8,843,744
2029	12,249,464	2,225,090	2,900,000	316,356	3,216,356	2,945,000	946,831	3,891,831	9,530,758	7,601,803
2030	10,049,866	-	920,000	259,056	1,179,056	3,040,000	857,056	3,897,056	5,866,213	9,259,766
2031	8,387,955	-	945,000	230,491	1,175,491	3,130,000	762,550	3,892,550	5,649,430	7,806,566
2032	7,796,050	-	980,000	199,800	1,179,800	3,230,000	661,156	3,891,156	5,051,731	7,815,275
2033	6,383,600	-	1,010,000	167,463	1,177,463	3,340,000	554,394	3,894,394	3,893,738	7,561,719
2034	5,046,288	-	1,040,000	133,500	1,173,500	3,455,000	441,816	3,896,816	3,152,866	6,963,738
2035	1,971,625	-	1,080,000	97,725	1,177,725	3,570,000	323,269	3,893,269	1,323,925	5,718,694
2036	1,974,175	-	1,115,000	60,684	1,175,684	3,685,000	200,841	3,885,841	1,328,181	5,707,519
2037	-	-	1,155,000	20,934	1,175,934	3,825,000	69,328	3,894,328	911,222	4,159,041
	<u>\$ 333,949,608</u>	<u>\$ 20,428,810</u>	<u>\$ 30,310,000</u>	<u>\$ 11,734,187</u>	<u>\$ 42,044,187</u>	<u>\$ 60,750,000</u>	<u>\$ 23,882,679</u>	<u>\$ 84,632,679</u>	<u>\$ 205,068,451</u>	<u>\$ 235,129,213</u>

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS " and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

(1) Interest has been estimated at current market rates for the purpose of illustration.

(2) In the past, the City has sold certificates of obligation to finance projects for the City's water and sewer system, and electric system and has internally allocated portions of this debt as payable from the respective enterprise funds. The self-supporting amounts listed above are projections of debt that is expected to be retired by the City based on actual historical payments from these funds to pay for debt service the outstanding certificates of obligation. There is no guarantee that payments from these funds will continue in the future. Includes a portion of the Obligations. See "TABLE 10 – SELF SUPPORTING DEBT" and the accompanying footnotes.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Total Net Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2017 ⁽¹⁾		\$ 15,121,803
Interest and Sinking Fund, September 30, 2016 ⁽²⁾	\$ 4,793,558	
Calculated Interest and Sinking Fund Tax Levy @ 99% Collection	14,743,650	
Budgeted Investment Earnings	25,000	
Budgeted Transfers	258,705	19,820,913
Estimated Balance, September 30, 2017		\$ 4,699,110

- (1) Excludes self-supporting debt. Includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.
- (2) The outstanding portion of the Certificates of Obligation, Series 2009, supported by the Convention Center, have been paid for in full as one transfer in the amount of 157,979.48 to the Interest and Sinking Fund. That amount will be used to pay off future payments of the Certificates of Obligation, Series 2009 supported by the Convention Center.

TABLE 10 – SELF-SUPPORTING DEBT*

Year End 9/30	Electric Fund ⁽¹⁾	Wastewater Fund ⁽²⁾	Water Fund ⁽³⁾	Convention Center ⁽⁴⁾	Landfill ⁽⁵⁾	Parking Garage ⁽⁶⁾	Total Self-Supporting Debt Service ⁽⁷⁾
2017	5,821,929	4,490,350	5,671,753	43,039	325,498	470,475	16,823,045
2018	5,888,870	4,514,179	6,106,658	13,570	405,303	224,738	17,153,318
2019	5,692,776	4,211,075	5,862,754	13,043	397,823	222,475	16,399,945
2020	5,716,423	4,228,372	5,889,216	7,755	398,710	224,400	16,464,876
2021	5,694,939	4,174,655	5,826,616	7,555	398,910	-	16,102,675
2022	6,262,106	3,277,325	5,148,416	12,230	632,710	-	15,332,788
2023	5,354,651	2,934,585	4,343,591	6,880	365,260	-	13,004,968
2024	5,012,489	2,918,800	4,368,441	6,630	367,385	-	12,673,745
2025	4,701,218	2,661,995	4,394,616	6,380	368,760	-	12,132,969
2026	4,444,490	2,661,778	4,030,891	6,130	369,385	-	11,512,674
2027	3,884,077	2,450,046	3,448,338	5,880	369,260	-	10,157,601
2028	4,590,567	2,078,873	3,222,716	10,568	699,060	-	10,601,784
2029	4,149,464	1,922,350	2,740,449	10,190	708,305	-	9,530,758
2030	2,296,493	1,929,224	1,640,497	-	-	-	5,866,213
2031	2,103,384	1,904,840	1,641,206	-	-	-	5,649,430
2032	1,746,850	1,673,175	1,631,706	-	-	-	5,051,731
2033	1,196,288	1,262,519	1,434,931	-	-	-	3,893,738
2034	599,625	1,117,469	1,435,772	-	-	-	3,152,866
2035	-	338,175	985,750	-	-	-	1,323,925
2036	-	337,544	990,638	-	-	-	1,328,181
2037	-	341,072	570,150	-	-	-	911,222
	<u>\$ 75,156,639</u>	<u>\$ 51,428,400</u>	<u>\$ 70,814,957</u>	<u>\$ 149,849</u>	<u>\$ 5,806,368</u>	<u>\$ 1,142,088</u>	<u>\$ 205,068,451</u>

* Preliminary, subject to change.

- (1) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2009, Series 2010, Series 2011, Series 2012, Series 2013, Series 2014 and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, and Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (2) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2010, Series 2011, Series 2012, Series 2013, Series 2014, and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (3) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2008, Series 2009, Series 2012, Series 2013, Series 2014, Series 2016, and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, and Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (4) Includes a portion of the City's Certificates of Obligation, Series 2009. The City has transferred to the Interest and Sinking Fund \$157,979.48 from the Convention Center fund to pay the debt service shown in this column. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (5) Includes a portion of the City's Certificates of Obligation, Series 2009. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (6) Includes a portion of the City's General Obligation Refunding Bonds, Series 2009.
- (7) The debt service described in this table is general obligation debt for which repayment is provided from revenues from other sources. It is the City's current policy to provide these payments from such sources. There is no assurance that the use of these sources to make these payments will continue in the future. If payments are not made from such sources in the future, the difference will be paid for with ad valorem taxes

TABLE 11 - AUTHORIZED BUT UNISSUED TAX BONDS

Date of Authorization	Purpose	Amount Authorized	Issued To Date	The Bonds	Unissued
1/24/1984 ⁽¹⁾	Fire Substation Building	\$ 700,000	\$ -	\$ -	\$ 700,000
1/24/1984 ⁽¹⁾	Street Improvements	6,325,000	5,825,000	-	500,000
11/4/2003	Municipal Complex Improvements	7,610,000	3,955,000	-	3,655,000
11/4/2008	Street Improvements	48,785,000	35,095,000	13,690,000	-
11/4/2008	Library Improvements	8,385,000	4,685,000	3,700,000	-
11/4/2008	Park Improvements	12,790,000	12,145,000	-	645,000
		<u>\$ 84,595,000</u>	<u>\$ 61,705,000</u>	<u>\$ 17,390,000</u>	<u>\$ 5,500,000</u>

(1) Contains projects which may have been completed or abandoned; therefore, the remaining authorized but unissued bonds are not likely to ever be issued.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The City has no firm plans for the issuance of additional general obligation debt payable from ad valorem taxes within the next twelve months.

OTHER OBLIGATIONS

Currently, the City has no outstanding capital leases or loans.

PENSION FUND

The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B - EXCERPTS FROM THE ANNUAL FINANCIAL REPORT" - Section V - Note D.)

The City recently received the contribution rates for Plan Year 2015 from TMRS as determined by the December 31, 2013 actuarial valuation. The City's contribution rate for January 1, 2016 will be 12.78%. On September 13, 2012, Council approved revisions to the City's TMRS Ordinance. The revisions include a reduction in the updated service credits (USC) for current employees and a reduction in the Annuity Increase Cost of Living Adjustment (COLA) for retirees. The City's contributions rate of 13.53% became effective January 1, 2014. The funding status as of December 31, 2015 is as follows:

	12/31/2015
Actuarial Value of Assets	\$ 216,491,588
Actuarial Accrued Liability (AAL)	252,321,945
Percent of Pension Benefit Obligation	85.80%
Unfunded Actuarial Accrued Liability (UAAL) \$	35,830,357
Annual Covered Payroll	50,723,075
Percent of Covered Payroll	70.64%
Estimated Employer Contribution	\$ 6,736,024

OTHER POST EMPLOYMENT BENEFITS

PROGRAM DESCRIPTION . . . In addition to pension benefits, as required by state laws and defined by City policy, the City makes available postretirement medical, dental, vision, drug and life insurance benefits to all employees who meet TMRS retirement qualifications, retire from the City and who enroll themselves and their eligible dependent(s) on or before the effective date of their retirement through the City's single-employer defined benefit other post-employment benefit (OPEB) plan. The life insurance plan provides a \$10,000 fully insured death benefit coverage upon retirement which ceases upon attainment of age 65 for retirees. So long as monthly premium payments are made, the healthcare plan provides insurance to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members, until attainment of age 65. Benefit provisions as well as retiree premium contributions are established by management.

The City determines the employer and participant contribution rates annually based on recommendations of City staff and the City's consultant. All medical, dental, vision and drug care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Life insurance for eligible retirees is paid entirely by the City.

During fiscal year 2016, 61 former employees were covered under this arrangement, with claims less retiree contributions totaling -\$705,451.

ANNUAL OPEB COST AND NET OPEB OBLIGATION . . .The City's annual OPEB cost is based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Despite the apparent implications of the term ARC, the City is not required to contribute the ARC to the plan each year. Instead, the ARC provides a basis for evaluating whether the City's contributions for OPEB are adequate to fund the benefits during the working lifetime of current employees (i.e., the normal cost) and to amortize existing unfunded obligations (i.e., the obligations for current retirees plus that portion of the current employees' obligations that are attributed to past service) in a systematic manner over the amortization period prescribed by GASB.

The annual OPEB cost is the annual accounting expense recorded on the City's Statement of Revenues, Expenses and Changes in Net Assets and on the City's Statement of Activities. The annual OPEB cost is equal to (1) the ARC for the current fiscal year, plus (2) interest on the Net OPEB Obligation at the beginning of the year, reduced by (3) an adjustment to the ARC which is equal to an amortization of the beginning of the year Net OPEB Obligation.

	2013	2014	2015	2016
Annual Required Contribution (ARC)	\$ 1,449,844	\$ 1,449,844	\$ 1,810,895	\$ 1,910,536
Interest on Net OPEB Obligations	333,710	397,569	400,494	456,941
Adjusted to the ARC	(413,492)	(492,618)	(522,847)	(596,541)
Annual OPEB Cost	1,370,062	1,354,795	1,688,542	1,770,936
Contributions Made	(92,888)	(406,326)	(434,136)	(705,451)
Increase in net OPEB obligation	\$ 1,277,174	\$ 948,469	\$ 1,254,406	\$ 1,065,485
Net OPEB Obligation, beginning of year	6,674,204	7,951,378	8,899,847	10,154,253
Net OPEB Obligation, end of year	\$ 7,951,378	\$ 8,899,847	\$ 10,154,253	\$ 11,219,738

Three-Year Trend Information				
Fiscal Year Ended 9/30	Annual OPEB Costs	Actual Contribution Made	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2013	1,370,062	92,888	6.78%	7,951,378
2014	1,354,795	406,326	29.99%	8,899,847
2015	1,688,542	434,136	25.71%	10,154,253
2016	1,770,936	705,451	39.83%	11,219,738

Generally, the Net OPEB Obligation is the cumulative difference since the effective date of GASB 45 between the annual OPEB cost and the employer's contributions to the plan including the OPEB liability/(asset) at transition, if any. Whenever the City contributes an amount less than the annual OPEB cost, this shortfall will increase the City's Net OPEB Obligation.

ACTUARIAL METHODS AND ASSUMPTIONS . . . Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. GASB No. 45 calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.

Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

The required contribution rates were determined as part of the October 1, 2014 actuarial valuation. Significant methods and assumptions follow:

Actuarial valuation date	10/1/2014
Asset Valuation Method:	Market
Actuarial Cost Method:	Projected Unit Credit
Actuarial Assumption:	
Investment Rate of Return*	4.50%
*Includes Inflation at:	3.50%
Projected Salary Increases	N/A
Annual Healthcare Trend Rates:	8.00% in FYE 2016 declining to 5.25% in FYE 2021
Amortization Method:	Level Dollar
Remaining Amortization Period:	30 year open period

FUNDING STATUS AND FUNDING PROGRESS . . . The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates. As of the date of this financial statement, the City has had three valuations

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Accrued Liability (AAL)	Annual Covered Payroll (Fiscal Year)	UAAL as Percentage of Covered Payroll
10/1/2010	\$ -	\$ 9,356,116	0.00%	\$ 9,356,116	\$42,298,776	22.12%
10/1/2012	-	10,897,037	0.00%	10,897,037	44,000,000	24.77%
10/1/2014	-	15,013,856	0.00%	15,013,856	44,000,000	34.12%

There are factors that affect the ability to compare amounts reported from one actuarial valuation date to the next. The assumptions that have been changed since the previous valuation are:

- the Discount Rate has been updated to reflect changes in the allocation of assets of the employer and the expected return on such assets;
- the Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect changes in claims and expense expectations; and
- the Health Benefit Cost Trend and Expense Trend have been updated to reflect changes in short-term expectations of the annual rate of increase of the Assumed Per Capita Health Benefit Costs.

The City has had three separate valuations, one of which used the October 1, 2010 valuation date, October 1, 2012 and October 1, 2014 valuation date. The October 1, 2010 valuation date was used to develop results for the fiscal year ending September 30, 2012, the October 1, 2012 valuation date was used to develop results for the fiscal years ending September 30, 2013 and 2014. The plan was changed effective January 1, 2012 to eliminate post-65 medical coverage and was changed effective January 1, 2013 to eliminate one of the PPO benefit options. While the plan typically undergoes a biennial valuation, pursuant to paragraph 12 of GASB 45, a new valuation must be performed if there are significant changes to the plan since the previous valuation. The October 1, 2014 valuation date was used to develop results for the fiscal years ending September 30, 2015 and 2016, as part of the plan's biennial valuation.

FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	\$ 48,737,894	\$ 46,750,120	\$ 41,951,522	\$ 39,654,465	\$ 37,527,211
Licenses & Permits	2,132,802	1,500,777	1,424,598	1,238,967	1,496,424
Intergovernmental	1,373,950	355,083	189,103	469,783	520,948
Charges for Services	3,809,206	3,572,684	2,987,778	2,605,519	2,296,105
Fines, Forfeits and Penalties	3,255,051	2,693,647	3,038,926	3,252,418	3,636,209
Investment Income	148,302	116,074	66,264	88,198	88,684
Rents & Royalties	187,328	136,228	542,816	650,407	686,729
Contributions	8,880	1,251	11,016	56,990	20,168
Other	434,537	3,252,310	113,802	212,349	287,796
Total Revenues	\$ 60,087,950	\$ 58,378,174	\$ 50,325,825	\$ 48,229,096	\$ 46,560,274
Expenditures:					
General Government	\$ 5,524,471	\$ 4,853,358	\$ 5,108,448	\$ 3,825,760	\$ 4,189,987
Fiscal Services	3,733,550	3,314,990	3,029,566	2,970,342	2,871,677
Police Department	20,170,450	18,533,889	17,080,568	16,515,820	15,465,837
Fire Department	16,916,819	14,881,983	13,585,022	13,297,527	12,578,396
Planning & Development Services	3,243,768	3,106,143	2,867,857	3,505,029	3,523,742
Parks and Recreation	9,279,126	8,194,670	4,596,645	4,463,535	4,329,869
Information Technology	4,491,009	4,112,987	4,207,305	4,271,209	3,844,107
Public Works	11,162,508	9,156,069	7,611,303	6,519,248	5,884,577
Library Services	1,098,326	1,138,568	1,078,851	994,476	1,072,551
Claims		-	-	-	-
Contributions	1,220,251	1,187,500	1,184,115	1,086,012	937,813
Other	863	217,114	222,034	1,300,627	183,530
Capital Improvement Projects	667,574	129,896	731,621	733,974	788,032
Total Expenditures	\$ 77,508,715	\$ 68,827,167	\$ 61,303,335	\$ 59,483,559	\$ 55,670,118
Other Financing Sources (Uses):					
Sale of General Fixed Assets	\$ -	\$ 8,974,205	\$ 4,582,111	\$ -	\$ -
Operating Transfers In	16,507,346	15,094,866	15,158,581	14,664,450	15,539,293
Operating Transfers Out	(2,376,443)	(11,441,262)	(4,444,465)	(3,977,149)	(4,329,789)
Total Other Financing Sources (Uses)	\$ 14,130,903	\$ 12,627,809	\$ 15,296,227	\$ 10,687,301	\$ 11,209,504
Net Change in Fund Balance	\$ (3,289,862)	\$ 2,178,816	\$ 4,318,717	\$ (567,162)	\$ 2,099,660
Fund Balance, Beginning of Year	22,423,064	20,244,248	15,925,531	16,492,693	14,393,033
Fund Balance, End of Year	\$ 19,133,202	\$ 22,423,064	\$ 20,244,248	\$ 15,925,531	\$ 16,492,693

Source: The City's audited financial statements.

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. 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 City monthly. In May 1990, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for property tax reduction. The total sales tax rate for the City is 1.5%.

Fiscal Year Ended	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
9/30				
2010	\$ 19,328,577	81.82%	\$ 0.36	\$ 206
2011	20,292,871	83.49%	0.37	214
2012	21,498,319	85.84%	0.38	220
2013	23,064,035	90.38%	0.39	236
2014	24,565,649	92.97%	0.40	245
2015	26,687,963	89.55%	0.41	261
2016	27,163,480	84.71%	0.38	255

(1) Provided by the City.

(2) Based on population estimates provided by the City.

FINANCIAL POLICIES

Basis of Accounting . . .The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Government funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund . . . The General Fund is the City's primary operating fund. It is used to account for all activities typically considered governmental functions of the City. These include Public Safety, Public Works, Parks and Recreation, Economic and Planning and Development Services, the support functions for these areas, and the administrative functions for the City.

The General Fund for the 2016-2017 fiscal year is influenced by current policies and any approved policy changes. The policies include inter-fund equity; maintaining a balance between revenues and expenditures; and maintaining the level of service currently provided as the City experiences residential and commercial growth.

The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus is to be expended in future years for one time expenditures such as capital items and short term projects.

Debt Service Fund . . .The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. It is the City's policy to maintain at least 8 1/3% of annual appropriated expenditures for debt service and any associated fees as the Debt Service Fund balance at fiscal year end. The City is in compliance with that policy.

Budgetary Procedures . . .Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. All budget requests are compiled by the Finance Department and presented with comparative and supporting data to the Mayor and City Council for review. Public hearings are properly advertised and conducted at City Hall for taxpayer comments. Prior to September 27, the budget is legally enacted through passage of an ordinance. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditure of any fund. An amount is also budgeted each year for contingencies which may arise.

THE COMBINED UTILITY SYSTEM

WATERWORKS SYSTEM

Since December 1981, the City has had the capability to produce and deliver 100% of its water. The system has been expanded to a system of nine wells, with a combined capacity of 29 million gallons per day. The water is delivered to the distribution system by 14 miles of 30-inch diameter and 36 inch diameter pipeline and two pumping stations. These pipelines will be fully redundant once TxDoT completes the Villa Maria / 2818 overpass and the City completes the pipeline re-routing necessary to accommodate the overpass.

Two of the wells mentioned above are shallow wells, less than 1,500 feet, drilled into the Carrizo and Sparta aquifers. The remaining six are deep wells, approximately 3,000 feet, drilled in the Simsboro Sand formation of the Carrizo-Wilcox aquifer. This is a very prolific aquifer of high quality water that has the capacity to provide an adequate water supply for the City and surrounding communities through the year 2060, and well beyond, if managed properly.

The Simsboro Sand, and all local aquifers, are regulated by the Brazos Valley Groundwater Conservation District, and permitting requirements have been implemented for all new water wells. College Station has obtained a Drilling/Operating Permit from the Groundwater District for the City to drill another Simsboro Well, Well #9, which will be designed in FY-16 and constructed in FY-17. This well will meet our projected demands for water for many years into the future. Well #10 remains in the planning stages, and would be constructed in approximately 2021, depending upon the rate of growth of water demands. College Station is also investigating other water supply strategies for the future. The prime example is Aquifer Storage and Recovery (ASR), which would store treated wastewater effluent in an aquifer for future use, most likely during summer peaks. If implemented, this ASR system would greatly reduce the demand on the drinking water system and ensure a very stable water supply for the City.

The City has completed a Water Reclamation project, which pumps effluent from the wastewater treatment plant up to Veteran's Park for irrigation of playing fields, reducing the demand on the potable water system by approximately 350,000 gallons per day. Additional phases of the reclaimed water system are in the planning stages. In March 2016, the City completed a two year agreement with an oil company, which provided the City with \$470,000 of revenue for providing just under 200 million gallons of reclaimed water.

The City also has stand by generators at strategic locations sufficient to provide adequate potable water for health and safety during and extended electrical power outage.

Water rates were established by ordinance, passed and approved by the City Council, and became effective October 1, 2010. The Residential rates are inclined block rates to encourage water conservation.

Type of Customer	Usage Charge (per 1,000 gallons)	Service Charge	Meter Size
Residential, Commercial and Industrial		\$ 10.19 per mo.	5/8"
		10.19 per mo.	3/4"
		12.78 per mo.	1"
		19.03 per mo.	1 1/2"
		30.05 per mo.	2"
		94.84 per mo.	3"
		140.90 per mo.	4"
		171.53 per mo.	6"
Residential	\$2.26 for usage from 0-10,000 gallons		
	\$2.94 for usage from 11,000-15,000 gallons		
	\$3.61 for usage from 16,000-20,000 gallons		
	\$4.28 for usage from 21,000-25,000 gallons		
	\$4.96 for usage from 26,000 gallons and more		
Commercial and Industrial	\$2.49 per 1,000 gallons		
Commercial Irrigation Usage Charge	\$2.68 per 1,000 gallons		

WASTEWATER SYSTEM

The City’s waste water is treated by three City-owned wastewater treatment plants, Carter Creek Treatment Plant, Lick Creek Treatment Plant, and Carter’s Lake Treatment Plant located within the City limits. The three plants have a combined treatment capacity of 11.5 mgd as compared to average current average daily demand of 7.0 mgd. The treatment plant’s capacity is adequate to serve a population estimated at 125,000.

Sewer rates were established by ordinance, passed and approved by the City Council, and became effective on October 1, 2016.

Residential (metered water)	\$20.28 including 4,000 gallons of metered water
Usage Charge	\$4.06 per 1,000 gallons of additional metered water
	\$44.64 maximum per month
Residential (without meter to each unit).....	\$25.80 per unit per month
Commercial and Industrial.....	\$17.40 per month
Usage Charge	\$4.83 per 1,000 gallons of metered water usage

There are 2,003 city residents who receive their water from Wellborn Water, but sewer is provided by the City of College Station. Those residents pay an initial usage charge of \$44.64 per month. After six months of documented waste water usage, rates can be adjusted downward on a tiered scale.

ELECTRIC SUPPLY SOURCE

The City has multiple Power Purchase Agreements (PPAs) in order to meet its load requirements. The PPAs are currently with AEPEP (AEP Energy Partners) and Garland Power and Light (GP&L). With AEPEP, the City has fixed block ATC PPA that expires in 2027. This fixed block ATC PPA replaced a unit contingent PPA with AEPEP in 2015. The City also has a PPA with AEPEP for wind power that expires on 2028. The City has a load following PPA with GP&L. While the PPAs with AEPEP are considered base load power, the load following PPA with GP&L covers the load above the base power provided by AEPEP's PPAs. Other wholesale/power supply costs include congestion costs, Ancillary Services and Transmission Cost of Service (TCOS). Since the City owns transmission assets it not only pays but also receives TCOS payments based on TCOS rates approved by the Public Utility Commission of Texas.

On January 1, 2015, the City began a three-year contract (with a possible two-one year extensions) with Garland Power and Light (GPL) for Qualified Scheduling Entity (QSE) services and a two year load following contract for power above the contracted resources from AEPEP. GP&L's QSE schedules and settles all the contract resources owned by the City. On City's advice the QSE also procures any replacement power as needed on behalf of the City.

The City's owns 20 miles of 138kV transmission lines, seven substations, and 458 miles of distribution lines. ERCOT serves as the RTO/ISO for the area.

The current electric rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2016. The electric rates are subject to a transmission delivery adjustment (TDA) charge which requires that the net energy charge per kilowatt hour must be increased or decreased by an amount per kilowatt hour equal to additional transmission charges above those accounted for in the wholesale rate. The TDA is currently set at \$0.005 per kilowatt hour of energy consumed.

In January 2009, College Station Utilities began offering residential electric customers renewable wind energy. In February 2010, the renewable wind energy program was expanded to include commercial customers. Wind energy is generated from the South Trent Mesa Wind Project located west of Abilene, Texas.

Single Family Residential.....	Service Charge	\$7.00 per month
	plus:	
	kwhrs (May through October)	\$0.1169 per kwhr
	kwhr (November through April)	\$0.1123 per kwhr
	Tax	1.50%
	Transmission Delivery Adjustment (TDA).....	0.50%
Master Metered Multiple Dwelling Units.....	Service Charge.....	\$100.00 per month per master meter
	plus:	
	kwhrs (May through October).....	\$0.1181 per kwhr
	kwhr (November through April)	\$0.1134 per kwhr
	Tax	1.50%
	TDA	Calculated as needed
Small Commercial (1-10 KW demand)	Service Charge.....	\$9.00 per month
	plus:	
	First 1,000 kwhrs	\$0.1344 per kwhr
	Over 1,000 kwhrs	\$0.1028 per kwhr
	Tax	8.25%
	TDA	0.50%
Medium Commercial (15-300 KW).....	Service Charge.....	\$25.00 per month
	plus:	
	Demand Charge (Per KW)	\$10.40 per KW
	Energy Charge All kwhrs	\$0.0729 per KW
	Minimum Monthly Charge.....	\$181.00
	Tax	8.25%
	TDA	0.50%
Large Commercial (300 – 1,500 KW)	Service Charge.....	\$75.00 per month
	plus:	
	Demand Charge (Per KW)	\$10.40 per KW
	Energy Charge All kwhrs	\$0.0703 per KW
	Minimum Monthly Charge.....	\$3,195.00
	Tax	8.25%
	TDA	0.50%
Industrial (1,500 KW and over).....	Service Charge	\$250.00 per month
	plus:	
	Demand Charge (Per KW).....	\$9.85
	Energy Charge (first 500,000 kwhrs).....	\$0.0689 per KW
	Minimum Monthly	\$15,034.85
	Tax	8.25%
	TDA.....	Calculated as needed

WIND WATT RATES

Wind rates were established by Ordinance #2012-3397 on February 23, 2012, passed and approved by the City Council, and became effective on March 1, 2012.

Participation Level: Residential & Commercial

10%	\$0.0005 per KW
50%	\$0.0025 per KW
100%	\$0.005 per KW

TABLE 14 - HISTORICAL UTILITY USERS (UNITS SERVED)

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Water	41,709	41,540	40,768	40,767	39,338
Wastewater	40,866	40,806	39,128	38,608	36,908
Electric	40,141	43,471	38,198	38,456	39,123

TABLE 15 - TEN LARGEST UTILITY CUSTOMERS

Utility Customer	Type of Business	FY 2016 KWH Consumption	Total Percent of KWH Consumed
City of College Station	Municipality	37,339,910	4.49%
CSISD	School	24,218,968	2.91%
Scott & White Hospital & Clinic	Hospital/Clinic	21,798,706	2.62%
Texas A&M	University	12,955,204	1.56%
CBL & Associates	Retail Mall	9,273,940	1.12%
College Station Medical Center	Hospital	9,053,162	1.09%
Wal-Mart	Retail	8,805,600	1.06%
HEB Grocery	Retail Grocery	8,549,280	1.03%
Pandemic Influenzal Vaccine	Medical	8,338,900	1.00%
Dealer Computer Services Inc	Retail	4,776,800	0.57%
		<u>145,110,470</u>	<u>17.45%</u>

TABLE 16 - CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Electric	\$ 98,904,688	\$ 98,763,293	\$ 95,677,765	\$ 92,892,541	\$ 94,396,234
Water and Wastewater	29,484,851	28,732,968	27,550,262	29,018,108	27,652,449
Interest	346,312	180,423	116,433	170,062	136,974
Other	<u>3,636,420</u>	<u>3,546,138</u>	<u>2,890,061</u>	<u>3,670,710</u>	<u>2,857,223</u>
Total Revenues	\$ 132,372,271	\$ 131,222,822	\$ 126,234,521	\$ 125,751,421	\$ 125,042,880
Expenses:					
Total Expenses	<u>\$ 76,771,094</u>	<u>\$ 82,079,813</u>	<u>\$ 100,235,329</u>	<u>\$ 90,519,871</u>	<u>\$ 88,927,662</u>
Net Available for Debt Service	<u>\$ 55,601,177</u>	<u>\$ 49,143,009</u>	<u>\$ 25,999,192</u>	<u>\$ 35,231,550</u>	<u>\$ 36,115,218</u>
Water (Units Served)	41,709	41,540	40,768	40,767	39,338
Wastewater (Units Served)	40,866	40,806	39,128	38,608	36,908
Electric (Units Served)	40,141	43,471	38,198	38,456	39,123

TABLE 17 – VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Utility Systems	\$ 527,435,531	\$ 507,758,485	\$ 459,071,713	\$ 446,518,318	\$ 435,064,838
Construction in Progress	23,520,025	13,213,020	43,281,736	36,982,355	20,430,326
	<u>\$ 550,955,556</u>	<u>\$ 520,971,505</u>	<u>\$ 502,353,449</u>	<u>\$ 483,500,673</u>	<u>\$ 455,495,164</u>
Less: Accumulated Depreciation	213,325,487	198,339,390	183,756,067	171,069,875	158,428,406
Net System Value	<u>\$ 337,630,069</u>	<u>\$ 322,632,115</u>	<u>\$ 318,597,382</u>	<u>\$ 312,430,798</u>	<u>\$ 297,066,758</u>

TABLE 18 – CITY’S EQUITY IN THE SYSTEM

	Fiscal Year Ended September 30,				
<u>Resources</u>	2016	2015	2014	2013	2012
Net System Value	\$ 337,630,069	\$ 322,632,115	\$ 318,597,382	\$ 312,430,798	\$ 297,066,758
Current Assets	63,085,837	52,023,881	42,939,476	59,428,776	53,031,034
Restricted Assets	21,849,829	19,977,038	27,760,893	5,757,167	10,143,761
Other Resources	-	-	0	120,000	120,000
Deferred Charges	5,425,502	2,381,933	1,305,356	1,665,943	780,390
Total	<u>\$ 427,991,237</u>	<u>\$ 397,014,967</u>	<u>\$ 390,603,107</u>	<u>\$ 379,402,684</u>	<u>\$ 361,141,943</u>
<u>Obligations</u>					
Current Liabilities	\$ 9,511,319	\$ 13,688,841	\$ 19,092,357	\$ 23,329,045	\$ 17,180,367
Current Liabilities Payable from					
Restricted Assets	15,462,903	10,735,825	7,292,731	7,190,577	13,474,895
General Obligation Debt	55,626,759	43,175,000	47,995,000	36,930,000	30,675,000
Certificates of Obligation	78,814,496	83,445,000	87,210,000	66,695,000	55,865,000
Revenue Bond Debt	-	13,395,000	14,920,000	34,765,000	41,505,001
Other Debt ⁽¹⁾	9,418,425	8,593,734	9,385,034	4,825,184	4,561,927
Total Liabilities	<u>\$ 168,833,902</u>	<u>\$ 173,033,400</u>	<u>\$ 185,895,122</u>	<u>\$ 173,734,806</u>	<u>\$ 163,262,190</u>
City’s Equity in System	\$ 259,157,335	\$ 223,981,567	\$ 204,707,985	\$ 205,667,878	\$ 197,879,753
Percentage of Equity in System	60.55%	56.42%	52.41%	54.21%	54.79%

(1) Includes OPEB Net Pension Obligations.

TABLE 19 – UTILITY REVENUE BOND AND SYSTEM SUPPORTED CERTIFICATE DEBT SERVICE

Series	Original Principal Amount	Outstanding Principal as of 9/30/2017
2008 ⁽²⁾	15,925,000	3,045,000
2009 ⁽²⁾	19,490,000	8,465,000
2010 ⁽²⁾	2,850,000	2,240,000
2010 ⁽¹⁾⁽³⁾	25,905,000	14,965,000
2011 ⁽²⁾	7,920,000	6,520,000
2012 ⁽²⁾	16,415,000	14,035,000
2012 ⁽¹⁾⁽³⁾	9,570,000	6,110,000
2013 ⁽²⁾	10,230,000	9,120,000
2013 ⁽¹⁾⁽³⁾	6,255,000	4,870,000
2014 ⁽²⁾	23,555,000	21,750,000
2014 ⁽¹⁾⁽³⁾	14,455,000	11,385,000
2016 ⁽²⁾	7,250,000	7,250,000
2016 ⁽¹⁾⁽³⁾	18,710,000	18,710,000
2017 ⁽²⁾	12,835,000	12,835,000 *
2017 ⁽¹⁾⁽³⁾	9,440,000	9,440,000 *
	<u>\$ 200,805,000</u>	<u>\$ 150,740,000</u>

* Preliminary, subject to change. Includes a portion of the Obligations and excludes the Refunded Obligations.

(1) Represents refunding bonds.

(2) Certificates of Obligation supported in whole or in part by Utility System revenues.

(3) General Obligation Improvement Bonds supported in part by the Utility System revenues.

INVESTMENTS

The City 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 City's investment policies are subject to change.

LEGAL INVESTMENTS

Under State 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 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 of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (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 and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that 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 City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted, at least annually, by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) 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; (10) commercial paper 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 bank organized and existing under the laws of the United States or any state; (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio 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; (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; 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; provided, however, that the City is not authorized to invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such no-load mutual funds, and (13) for bond proceeds, guaranteed investment contracts that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities in an amount equal to the amount invested under the contract, and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City is also authorized to invest its funds through an eligible investment pool if the governing body of the City by rule, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. To be eligible to receive funds from and invest funds on behalf of the City, an investment pool must furnish to the investment officer or other authorized representative of the City an offering circular or other similar disclosure instrument that contains, at a minimum, the following information: (1) the types of investments in which money is allowed to be invested; (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool; (3) the maximum stated maturity date any investment security within the portfolio has; (4) the objectives of the pool; (5) the size of the pool; (6) the names of the members of the advisory board of the pool and the dates their terms expire; (7) the custodian bank that will safekeep the pool's assets; (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; (10) the name and address of the independent auditor of the pool; (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

Governmental bodies in the State are authorized to implement 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) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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; and (iv) the agreement to lend securities has a term of one year or less.

The City 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 City 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 City is required to invest its funds under 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 City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City 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, City 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 City will submit an investment report detailing (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value and ending market value for each pooled fund group, (4) the book value and market value of each separately listed asset at the 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 City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) 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; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’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; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Finance Director, Treasurer, Assistant City Manager and investment officers; (6) 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; (7) restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Under Texas law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution. The City has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

CITY’S INVESTMENT POLICY

The Assistant City Manager or his designee will promptly cause all City funds to be deposited with the bank depository and invested in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the City Council has authorized under the provisions of the PFIA, as amended, and in accordance with the City Council approved Investment Policies.

At the end of each fiscal year, a report on investment performance will be provided to the City Council. In conjunction with the quarterly financial report, the Assistant City Manager or his designee will prepare and provide a written recapitulation of the City’s investment portfolio to the Council, detailing each City investment instrument with its rate of return and maturity date.

The City’s adopted investment policy permits the City to invest its funds and funds under its control in all of the enumerated investments authorized by the PFIA.

TABLE 20 - CURRENT INVESTMENTS

As of February 28, 2017, the City’s investable funds were invested in the following categories:

<u>Investment Type</u>	<u>Book Value</u>	<u>Market Value</u>
Cash	\$ 5,000,000	\$ 5,000,000
Certificate Of Deposit	7,065,359	7,065,359
Local Government Investment Pool	8,105,929	8,105,929
Money Market Mutual Fund	167,886,559	167,886,559
US Agencies and Securities	14,000,000	13,979,380
	<u>\$ 202,057,847</u>	<u>\$ 202,037,227</u>

TAX MATTERS

OPINION

On the date of initial delivery of each series of the Obligations, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See Appendix C - FORMS OF OPINIONS OF BOND COUNSEL.

In rendering its opinions, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) the Verification Report prepared by Grant Thornton LLP with respect to the refunding of the Refunded Obligations and (c) covenants of the City contained in the respective Ordinances authorizing each series of the Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds or Certificates, as the case may be, to become includable in gross income retroactively to their date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinions of Bond Counsel are rendered in reliance upon the compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of Existing Law and reliance on the aforementioned information, representations and covenants. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Obligation holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering 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 Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation 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 Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period within each accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation 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 Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations 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 Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations 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 Obligations.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under federal or state law, and could affect the market price or marketability of the Obligations. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of each series of Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available at no cost on the Electronic Municipal Market Access of the MSRB, with the web address www.emma.msrb.org ("EMMA").

ANNUAL REPORTS

The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6; 8 through 20 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 20 within six months after the end of each fiscal year ending in and after 2017. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2017. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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 City may be required to employ from time to time pursuant to State law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in 1 through 6 and 8 through 20 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

EVENT NOTICES

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". For these purposes, any event described in clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City will provide each notice described in the previous paragraph to the MSRB through EMMA, in accordance with the Rule.

LIMITATIONS AND AMENDMENTS

The City has agreed to update information and to provide notices of specified events only as described above. The City 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 City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City 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 Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City 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 City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations 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 Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. If the City 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

In connection with prior transactions, the City has entered into undertakings pursuant to which it agreed to provide certain updated financial information and operating data within six months of the end of the City’s fiscal year along with notices of specified material events at required times. In addition, the City previously agreed to provide audited financial statements within six months of the end of the City’s fiscal year if audited financial statements were available by such time. If audited financial statements were not available, the City agreed to provide unaudited financial statements for the applicable fiscal year.

OTHER INFORMATION

RATINGS

The Obligations and presently outstanding tax supported debt of the City are rated “_____” by Moody’s and “_____” by S&P, without regard to credit enhancement. The ratings reflect only the respective views of such organizations and the City 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 Obligations.

LITIGATION

The City is a party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the city with respect to the various proceedings. The City’s management believes that the ultimate outcome of the various lawsuits will not have a material adverse effect on the City’s financial position.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations must 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 Obligations are negotiable instruments, investment securities 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. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Obligations be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION - RATINGS” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. The City 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 Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Obligations and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on corporations. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information under the captions “PLAN OF FINANCING” (except for the subsection “SOURCES AND USES OF PROCEEDS”), “THE OBLIGATIONS,” “TAX MATTERS,” “OTHER INFORMATION – LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “OTHER INFORMATION – REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE,” “OTHER INFORMATION – LEGAL OPINIONS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except under the subheading “COMPLIANCE WITH PRIOR UNDERTAKINGS”, as to which no opinion is expressed) in the Official Statement to determine whether such information fairly summarized matters of law and the provisions of the documents referred to therein, and Bond Counsel is of the opinion that the information relating to the Obligations and the Ordinances contained under such captions is a fair and accurate summary of the information purported to be shown. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. In connection with the transactions described in the Official Statement, Bond Counsel represents only the City.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City 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.

FINANCIAL ADVISOR

First Southwest, a Division of Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. First Southwest, a Division of Hilltop Securities Inc., in its capacity as Financial Advisor, has relied on the opinions 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 Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City 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.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent certified public accountants, will deliver to the Issuer, on or before the settlement date of the Obligations, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Securities, to pay, when due or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Obligations will be excluded from gross income for federal income tax purposes.

Grant Thornton relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Issuer. In addition, Grant Thornton has relied on any information provided to it by the Issuer's retained advisors, consultants or legal counsel. Grant Thornton was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

CERTIFICATION OF THE OFFICIAL STATEMENT AND NO-LITIGATION CERTIFICATE

At the time of payment for and delivery of the Obligations, the Initial Purchasers will be furnished a certificate, executed by the proper City officials, 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 City contained in its Official Statement and any addenda, supplement or amendment thereto, for its Obligations on the date of such Official Statement, on the date of purchase of said Obligations, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the City 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 City and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the City since September 30, 2016, the date of the last audited financial statements of the City and (e) except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, of which the City has notice to restrain or enjoin the issuance, execution or delivery of the Obligations, in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Obligations; or which would affect the provisions made for their payment or security, or in any manner question the validity of the Obligations.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City'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 City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City'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 City. 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.

INITIAL PURCHASERS

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

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on the (inside) cover page of the Official Statement at a price of _____(%) of par plus a cash premium 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 City to the Initial Purchaser of the Certificates. The City 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.

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will also approve the form and content of this Official Statement, and any addenda or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

ATTEST:

Mayor
City of College Station, Texas

City Secretary
City of College Station, Texas

SCHEDULE OF REFUNDED OBLIGATIONS*

General Obligation Debt

Certificates of Obligation, Series 2009					General Obligation Improvement Bonds, Series 2009				
Maturity	Interest	Par Amount	Call	Call	Maturity	Interest	Par Amount	Call	Call
February 15	Rate	to be Refunded*	Date	Price	February 15	Rate	to be Refunded*	Date	Price
2022	4.000%	\$ 1,345,000	2/15/2019	100.00	2022	⁽¹⁾ 4.050%	\$ 180,000	2/15/2019	100.00
2023	4.125%	1,415,000	2/15/2019	100.00	2023	⁽¹⁾ 4.050%	195,000	2/15/2019	100.00
2024	4.250%	1,485,000	2/15/2019	100.00	2024	⁽²⁾ 4.300%	200,000	2/15/2019	100.00
2025	5.000%	1,570,000	2/15/2019	100.00	2025	⁽²⁾ 4.300%	210,000	2/15/2019	100.00
2026	4.500%	1,645,000	2/15/2019	100.00	2026	⁽³⁾ 4.500%	220,000	2/15/2019	100.00
2027	4.500%	1,730,000	2/15/2019	100.00	2027	⁽³⁾ 4.500%	225,000	2/15/2019	100.00
2028	4.500%	1,815,000	2/15/2019	100.00	2028	⁽⁴⁾ 4.650%	250,000	2/15/2019	100.00
2029	4.600%	1,915,000	2/15/2019	100.00	2029	⁽⁴⁾ 4.650%	260,000	2/15/2019	100.00
		<u>\$ 12,920,000</u>					<u>\$ 1,740,000</u>		

*Preliminary, subject to change.

(1) Represents a term bond with a stated maturity February 15, 2023.

(2) Represents a term bond with a stated maturity February 15, 2025.

(3) Represents a term bond with a stated maturity February 15, 2027.

(4) Represents a term bond with a stated maturity February 15, 2029

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City, located in Brazos County, is situated in the middle of a triangle bounded by Dallas/Fort Worth, Houston, and San Antonio/Austin. Approximately 80% of the Texas population is located within a 200 mile radius of the City. In addition to being a residential community for faculty, students and other personnel of Texas A&M University, the City also serves as a regional manufacturing, retail and health care hub.

The City was incorporated in 1938 and has a Council-City Manager form of government with City employees totaling 961.8 currently.

The City adopted and enforces comprehensive zoning and building restrictions aimed at assuring orderly growth and development. The City's ordinances require all subdividers, at their own expense and without provision for refund, to install streets and water and wastewater lines in any planned subdivision. These facilities are constructed under the City's specifications and inspection and when completed are deeded to the City free and clear. All areas within the City are now adequately served with water, wastewater and electric service.

Proximity to three of the nation's largest cities, college-town cultural amenities, low cost of living, varied housing options, warm climate and low crime rate have resulted in significant population growth over the last decade.

CITY OWNED FACILITIES

The City maintains approximately 543 linear miles of streets within city limits, 99% of which are hard surface. The City has a complete water distribution, wastewater collection and treatment system with 786 miles of wastewater and water lines. The City owns the electrical distribution system with approximately 471 miles of distribution lines and 20 miles of 138kv transmission lines.

The City has a fully equipped police department with 132 full time police officers and 74 support personnel. The department has 39 police patrol cars and one holding facility with a capacity of 17. The fire department consists of 150 full time fire fighters and 7 support personnel. There are six stations and a total of 8 engines, 6 ambulances, 2 command vehicles, 1 rescue truck, 2 ladder trucks, 1 tanker truck, and 1 grass fire truck.

EDUCATIONAL FACILITIES

The College Station Independent School District (the "School District") is a fully accredited system offering 16 educational campuses for pre-kindergarten through high school. The School District has a student enrollment in excess of 12,500 and employs close to 1,700 people. On November 3, 2015 the voters passed a bond proposition for the School District that includes the construction of three additional facilities. The bonds would fund a third intermediate school in the 2017-2018 school year and a third middle school and tenth elementary school in the 2018-2019 school year. The School District's facilities are also used by Blinn College, a community college offering two years of college level courses.

College Station is home to Texas A&M University which provides higher education, offering both four year college programs and graduate degree programs to over 66,000 enrolled students.

HEALTH CARE

College Station Medical Center, affectionately called 'The Med', is a 200,000 square foot community healthcare provider located on 25 acres within the city limits of College Station. The Med is a 167-bed facility and is a licensed Level III Trauma unit. College Station Medical Center is the only hospital in the Brazos Valley Region to receive national certification in joint replacement from the Joint Commission. They are also an accredited Chest Pain Center, a certified Primary Stroke Center and the region's first accredited Sleep Center. The over 650 healthcare professionals work every day to be a place of healing, caring and connection for patients and families in the community.

Rock Prairie Behavioral Health is a 72-bed state-of-the-art psychiatric hospital built specifically with patients' needs in mind and is dedicated to providing quality behavioral health care to promote growth and recovery for patients and families throughout the state of Texas. The acute psychiatric hospital treats adolescents, adults, and seniors in both inpatient and outpatient settings. The treatment facility is located in the heart of the Brazos Valley, conveniently located in College Station.

Baylor Scott & White Medical Center – College Station is a 403,000 square foot, five story, 143-bed hospital located on a 98 acre campus near the intersection of Texas Highway 6 and Rock Prairie Road within the City of College Station. Baylor Scott & White Medical Center – College Station is a nationally accredited Chest pain Center as well as a Level III Trauma Center. Scott & White Clinic – Rock Prairie, a four-story medical office building, is also located on the campus adjacent to the hospital. Baylor Scott and White Medical Center - College Station houses an emergency department, cardiac services including cath labs, neonatal intensive care unit, comprehensive cancer services, operating rooms, maternity services suites, endoscopic procedure suites, intra operative robotics and other specialty services, all supported by a pharmacy, comprehensive state-of-the-art imaging technology and other diagnostic capabilities.

Other area health care providers include: St. Joseph Regional Health Care Center, Baylor Scott and White Clinic, and The Physicians Centre.

Medical District

The City recently amended its Comprehensive Plan to include the College Station Medical District Master Plan. The Master Plan establishes guiding principles for the development of approximately 1,700 acres in south College Station to accommodate medical facilities, walkable village centers, commercial space, and a variety of residential unit types, all in close proximity to parks, open space, and trails. To ensure the long-term success of the District, the City has created two Tax Increment Reinvestment Zones to help fund the necessary infrastructure. The City is also in the process of establishing 2 Municipal Management Districts to be used as a tool for development of these areas as well.

TRANSPORTATION

U.S. Highway 190/State Highway 21 links the City to Interstate 45 which is located approximately 35 miles to the east. State Highway 21 via U.S. Highway 290 also links the City to Austin, located approximately 110 miles to the west. State Highway 6 links the City to Waco (100 miles) and Interstate 35 to the north and Houston (90 miles) to the south. Also, State Highway 30 links the City to Huntsville (45 miles) and Interstate 45 to the east.

Airlines	Commercial, corporate and private airport facilities are provided by Easterwood Airport, which is located on the City's west side and is owned and operated by Texas A&M University. American Eagle Airlines provides daily flights to and from Dallas-Fort Worth Airport out of Easterwood. United Airlines provides daily flights to and from Houston Bush Intercontinental Airport out of Easterwood. Coulter Field is located north of the City of Bryan and provides a 4,000 foot lighted runway. Coulter Field offers all types of services for the private aircraft.
Bus Lines	Two bus lines serve the City with daily service connecting the City with Houston and Dallas.
Railroads	Rail freight service is provided by the Union Pacific Railroad. Union Pacific Railroad operates a main freight line from Houston through Bryan-College Station to Dallas-Fort Worth and beyond.

RECREATION

The College Station park system presently includes 58 parks encompassing 1448 acres, including a 515 acre wilderness park, and a 150-acre regional athletic park. Collectively, these parks contain 63 playgrounds, 33 soccer fields, 26 basketball courts, 43 softball/baseball backstops, 14 tennis courts, 3 swimming pools, a spray park, a skate park, a gymnasium, an outdoor amphitheater with a green room and plaza area, 1 festival site and a number of picnic shelters and 8 picnic pavilions. The Parks and Recreation Department sponsors a variety of organized athletic and aquatic programs as well as many special events throughout the year.

POPULATION

	Official U.S. Census ⁽¹⁾				
	1970	1980	1990	2000	2010
City of College Station	17,676	37,272	52,456	67,890	93,857
Brazos County	57,978	93,588	121,862	152,415	194,851

⁽¹⁾ U.S. Census Bureau, American Community Survey

ECONOMIC BACKGROUND

Texas A&M University and System

Texas A&M opened its doors in 1876 as the state's first public institution of higher learning. Located in College Station, Texas (about 90 miles northwest of Houston and within a two to three-hour drive from Austin and Dallas), Texas A&M's main campus is home to over 66,000 students, with more than 436,000 former students worldwide. As one of only 62 members of the prestigious Association of American Universities (AAU), an association of leading public and private research universities in the United States and Canada, Texas A&M boasts some of the top programs in academic research and scholarship. Texas A&M and the Texas A&M University System employ more than 27,000 full and part-time personnel.

Texas A&M is one of only 17 institutions in the nation to hold the triple designation as a land-grant, sea-grant, and space-grant university.

In May 2016, the Chancellor of The Texas A&M University System unveiled plans to invest \$150 million to create a new research and development campus to help companies move ideas from the laboratory to the marketplace while also offering a new path toward a college degree. The facility, to be located at a revamped and renamed Riverside Campus in Brazos County, initially will include a cluster of seven new buildings and test beds to encourage the private sector to develop secure research facilities adjacent to the System's site. The facility, named the RELLIS Campus will focus on robotics, driverless and connected vehicles, advanced manufacturing, large-scale testing as well as smart power grids and water systems.

George Bush Presidential Library and Museum

The City is the site of the George Bush Presidential Library and Museum, located on the campus of Texas A&M University. Texas A&M provides programs and facilities such as research and instructional programs related to the library and museum, a conference center, communications center, educational museum/library center, and family-oriented facilities such as a park surrounding the presidential library and museum. The Presidential Library and Museum is also part of the George Bush Presidential Library Center which is home to the prestigious Bush School of Government and Public Service.

Century Square

The City continues to experience a sustained period of growth. The growth has resulted in continued retail development, especially in the Tower Point and Caprock developments in the southern part of the City with new restaurants and other businesses opening and others under construction to serve the ever growing residential populations in that area of the City. However, that growth has expanded to the north side of College Station where mixed-used facilities and additional hotels near the Texas A&M campus are under construction.

One such development is Century Square. This 60-acre development creates a dynamic community center where people congregate from across the region to experience a walkable, urban destination. The project features premier retail and restaurant establishments, entertainment venues, 60,000 SF of Class-A office, two full-service hotels: The George and Cavalry Court, luxury apartment homes: 100 Park, and an activated central gathering space.

Athletics

Athletics is an integral part of College Station. Texas A&M University, along with the City, hosts a multitude of athletic events. Texas A&M University is the home of Kyle Field, Reed Arena, Olsen Field at Bluebell Park, Aggie Softball Complex, George P. Mitchell Tennis Center and Gilliam Indoor Track Stadium. Several of Texas A&M teams have won both conference and national titles over the past five years with every university varsity level team competing in post-season play for the 2015-2016 season. This has positioned the University to host regional payoffs as well as national championship games. Texas A&M's move to the Southeastern Conference (SEC) in 2012 has proved positive for the City. For the Texas A&M's football team ranked third in the nation in average attendance for both the 2015 and 2016 seasons, according to figures released by the NCAA.

For the 2016 season, A&M drew 101,917 fans per game last season at the rebuilt Kyle Field, trailing only Michigan (110,468) and Ohio State (107,278). Capacity at Kyle Field is 102,512, the largest in the Southeastern Conference.

The City's sport complex's as well as the ease to get around makes College Station attractive to several organizations. Over the past several years, the Amateur Softball Association and the Texas Amateur Athletic Federation have chosen College Station to host state tournaments and events. In addition, the City facilitates two major softball tournaments, a soccer tournament, a 7 on 7 flag football tournament and baseball tournaments throughout the year. The City plans to add 2 additional synthetic athletic fields at Veterans Park and Athletic Complex. This is anticipated to allow additional tournaments to be held in this area.

MAJOR AREA EMPLOYERS

<u>Firm Name</u>	<u>Product</u>	<u>Number of Employees</u>
Texas A&M University and System	Education/Research	27,000+
Bryan ISD	Education	2000+
Texas A&M Health Science Center	Education	2000+
Reynolds & Reynolds	Computer Hardware and Software	1800+
College Station ISD	Education	1700+
Blinn College - Bryan Campus	Education	1000+
Sanderson Farms, Inc.	Poultry Processing	1000+
CHI St. Joseph's Regional Hospital	Health Service	1000+
Wal-Mart/Sam's	Retail	1000+
HEB Grocery	Retail	1000+
Brazos County	Government	500-999
City of Bryan	Government	500-999
City of College Station	Government	500-999
College Station Medical Center	Health Service	500-999
Ply Gem Windows	Manufacturing	500-999
Baylor Scott & White	Health Service	500-999

Source: Research Valley Partnership

Employment is provided by a variety of high growth industries located in, or adjacent to, the City which include ambulatory health care services; professional, scientific, and technical services; specialty trade contractors; food manufacturing; administrative and support services as identified in the Local Employment Dynamics data. Additionally College Station is also home to the 350 acre Research Park, located on the Texas A&M University campus, which houses 30 public-private tenants including the Research Valley Partnership, Schlumberger, Texas A&M Transportation Institute, and Offshore Technology Research Center. The City also developed the 200-acre, Class "A" Business Center at College Station (BCCS), tenants of which include Reynolds and Reynolds Cognizant Technology Solution, Suddenlink Media, Stata Corporation, Heat Transfer Research, Inc. (HTRI), and the Texas A&M University System. In addition, the City has worked to develop a new Science Park at Research Valley, which currently houses Lynntech, Inc. and RBC Technologies.

LABOR STATISTICS**College Station**

Year	Labor Force	Total Employment	Unemployment	Rate
2010	47,301	44,488	2,813	5.9%
2011	47,972	44,939	3,033	6.3%
2012	47,092	44,328	2,764	5.9%
2013	51,136	48,665	2,471	4.8%
2014	52,028	49,945	2,083	4.0%
2015	52,739	51,023	1,716	3.3%
2016	55,788	53,913	1,875	3.4%
2017 ⁽¹⁾	56,962	55,002	1,960	3.4%

Brazos County

Year	Labor Force	Total Employment	Unemployment	Rate
2010	99,119	93,101	6,018	6.1%
2011	100,643	94,245	6,398	6.4%
2012	98,755	92,963	5,792	5.9%
2013	103,089	98,074	5,015	4.9%
2014	104,334	100,180	4,154	4.0%
2015	105,935	102,343	3,592	3.4%
2016	110,420	106,643	3,777	3.4%
2017 ⁽¹⁾	112,774	108,797	3,977	3.5%

Source: Texas Workforce Commission.

(1) As of February 28, 2017

BUILDING PERMITS

College Station has grown rapidly over the past 30 years as evidenced by an increase in population from 37,272 in 1980 to 93,857 in 2010. As of 2017, the estimated population of College Station was 109,936. The following table sets forth the number and value of construction permits issued by the City over the past several years.

Calendar Year	Residential Construction		Commercial Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2007	990	\$ 161,466,990	413	\$ 74,683,795	1,403	\$ 236,150,785
2008	1,131	164,494,779	346	154,313,994	1,477	318,808,773
2009	792	82,316,558	243	46,947,099	1,035	129,263,657
2010	860	93,158,066	309	162,053,510	1,169	255,211,576
2011	971	124,132,135	359	123,779,052	1,330	247,911,187
2012	1,208	149,737,218	325	67,478,910	1,533	217,216,128
2013	1,030	145,142,757	333	67,516,132	1,363	212,658,889
2014	1,167	211,909,494	338	67,570,229	1,505	279,479,723
2015	1,687	206,336,883	294	78,209,095	1,981	284,545,978
2016	1,802	325,247,597	424	207,892,402	2,226	533,139,999 ⁽¹⁾

Source: The City.

(1) Reflects January through December 2016.

COUNTY CHARACTERISTICS

Brazos County was created in 1841 from Robertson and Washington Counties. The economy is diversified primarily by agribusiness, computer manufacturing, research and development, and education. The Texas Almanac designates cattle, hogs, sorghums, corn, cotton, wheat, oats and pecans as the principal sources of agricultural income.

The County had a 2010 population of 194,851, an increase of 27.8% since 2000. Minerals produced in the County include sand and gravel, lignite, gas and oil.

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APPENDIX B

EXCERPTS FROM THE
CITY OF COLLEGE STATION, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2016

The information contained in this Appendix consists of excerpts from the City of College Station, Texas Annual Financial Report for the Year Ended September 30, 2016, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORMS OF OPINIONS OF BOND COUNSEL



Legislation Details (With Text)

File #:	17-0224	Version:	1	Name:	General Obligation Coversheet
Type:	Presentation	Status:		Status:	Agenda Ready
File created:	4/28/2017	In control:		In control:	City Council Regular
On agenda:	5/11/2017	Final action:		Final action:	
Title:	Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$36,600,000 in principal amount of "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017"; with no more than \$19,000,000 of such amount to be issued to refund the Refunded Obligations and pay costs of issuance of the Bonds and no more than \$17,600,000 for new capital projects; delegating the authority to certain City Officials to execute certain documents relating to the sale of the Bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject.				
Sponsors:	Mary Ellen Leonard				
Indexes:					
Code sections:					
Attachments:	Ordinance (GO Imp and Ref) (ver 1)				

Date	Ver.	Action By	Action	Result
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Presentation, possible action, and discussion on an ordinance authorizing the issuance of up to \$36,600,000 in principal amount of "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017"; with no more than \$19,000,000 of such amount to be issued to refund the Refunded Obligations and pay costs of issuance of the Bonds and no more than \$17,600,000 for new capital projects; delegating the authority to certain City Officials to execute certain documents relating to the sale of the Bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject.

Relationship to Strategic Goals: Financially Sustainable City, and Providing Core Services and Infrastructure.

Recommendation(s): Council move to approve the ordinance authorizing the issuance and sale of up to \$36,600,000 in "General Obligation Improvement and Refunding Bonds, Series 2017"; delegating the authority to certain City Officials to execute certain documents relating to the sale of the Bonds; approving and authorizing instruments and other procedures relating to said bonds; and enacting other provisions relating to the subject.

Summary: The aggregate original principal amount of the Bonds shall not exceed \$36,600,000 with \$17,600,000 of such amount issued to pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; to pay for the costs of expanding, constructing and improving City library facilities; to pay paying the fiscal, engineering and legal fees incurred in connection with such projects; and to pay the costs incurred in connection with the issuance of the Bonds. The City of College Station typically issues debt to fund various capital projects identified and approved as a part of the annual budget.

The City also has the opportunity to refund no more than \$19,000,000 its General Obligation Improvement Bonds Series 2009 and Certificates of Obligation, Series 2009 in order to achieve savings due to lower interest rates that are currently available. The City's Financial Advisor, Drew Masterson with First Southwest Company has presented the City with this opportunity. Refunding is issuing new debt to replace and pay off existing debt. Refunding can be done for a number of reasons; however, most often are used to accrue a savings against the current debt. Refundings are typically done as negotiated sales rather than our normal bidding process. However, our financial advisor has recommended a competitive sale process this year.

The City Council's Finance and Budgetary Policies allow for the City to "refund" debt when there is a net present value savings of at least 5%. The opportunity that is currently before the City Council will save the City approximately **9.437860%** over the remaining life of the issues. The net present value savings includes the debt issuance costs. **If this ordinance is approved, the City Council will be delegating to the Mayor, the City Manager and the Assistant City Manager the authority to effect the refunding and the bond sale when the net present value savings on the refunding achieves at least the 5% threshold through May 11, 2018. Currently, the net present value savings is above the 5% threshold, however, if the net present value savings should fall below the 5%, this will provide an opportunity to reach the 5% threshold over the next 6 months in order to generate as much savings as possible for the City.**

The City Council is authorized to approve the issuance of General Obligation Improvement Bonds which have been authorized by a vote of the citizens. The Citizens approved a total of \$76,950,000 on November 4, 2008. By approving the ordinance, the Council will issue \$17,390,000 from the 2008 authorization. This is the eighth bond sale from the 2008 bond authorization. The 2008 authorization provides for a 7 year capital plan.

Budget & Financial Summary: Based on current estimates, the refunding will reduce the overall cost of the refunded bonds by at least 9.437860% over the remaining life of the existing bonds. Total net present value savings will be at least \$1,383,590.26. The average annual savings will range between (\$7,387.91) and \$185,630.63 per year. The savings will help the City by providing an additional margin that Council may choose to use for projects not currently funded by an identified source.

Staff reviewed the impact of the general obligation improvement bonds on the City's ability to meet debt service requirements and the effect they may have on the ad valorem tax rate. The impact will be reviewed as part of the financial forecast and FY18 budget.

Attachments:

1. Ordinance
2. Preliminary Official Statement

ORDINANCE NO. 2017-

AUTHORIZING THE ISSUANCE OF "CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, SERIES 2017"; DELEGATING THE AUTHORITY TO CERTAIN CITY OFFICIALS TO EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF THE BONDS; APPROVING AND AUTHORIZING INSTRUMENTS AND PROCEDURES RELATING TO SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, it is deemed advisable and to be in the best interest of the City of College Station (the "City") that certain bonds authorized at elections previously held in the City be combined in a single issue and sold as described herein.

WHEREAS, this City Council finds and determines that it is necessary and proper to order the issuance, sale and delivery of such voted bonds;

WHEREAS, the City has previously issued, and there are presently outstanding, revenue bonds of the City secured by a pledge of revenues derived by the City from the ownership and operation of the City's Utility System (consisting of the City's combined municipal electric light and power, waterworks and sewer system), and general obligation bonds and certificates of obligation which are secured by the full faith and credit of the City and a pledge by the City to levy ad valorem taxes sufficient to pay principal of and interest on the bonds and certificates of obligation as they become due and a pledge of surplus revenues of the Utility System to further secure the certificates of obligation;

WHEREAS, the City now desires to refund all or part of the outstanding revenue bonds, general obligation bonds and certificates of obligation described in Schedule I attached hereto and incorporated herein, which may be selected and designated to be refunded by the Pricing Officer in the Pricing Certificate (the "*Refunded Obligations*");

WHEREAS, Chapter 1207, Texas Government Code, authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a paying agent for the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the City and is named in these proceedings, and such deposit, if made before the payment dates of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207, Texas Government Code, further authorizes the City to enter into an escrow or similar agreement with such paying agent for the Refunded Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent or trust company or commercial bank may agree;

WHEREAS, the City Council hereby finds and declares a public purpose and it is in the best interests of the City to refund the Refunded Obligations in order to achieve a debt service savings, with such savings, among other information and terms to be included in the Pricing

Certificate to be executed by the Pricing Officer (hereinafter designated), all in accordance with the provisions of Section 1207.007, Texas Government Code;

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized;

WHEREAS, the City is an "Issuer" within the meaning of Section 1371.001(4)(P), Texas Government Code, having (i) a principal amount of at least \$100 million in outstanding long-term indebtedness, in long-term indebtedness proposed to be issued, or in a combination of outstanding or proposed long-term indebtedness and (ii) some amount of long-term indebtedness outstanding or proposed to be issued that is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation;

WHEREAS, the bonds hereinafter authorized to be issued were voted and are to be issued, sold and delivered pursuant to the general laws of the State of Texas, including Texas Government Code Chapters 1207, 1331 and 1371, as amended, and the City's Home Rule Charter; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code Chapter 551;

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLLEGE STATION, TEXAS:

Section 1. DEFINITIONS; AUTHORIZATION OF BONDS.

(a) *Definitions.* Terms not otherwise defined herein shall have the following meanings.

(i) The term "*Authorized Denomination*" shall mean a denomination of \$5,000 of principal amount of a Bond or any integral multiple thereof.

(ii) The term "*Bonds*" shall mean the City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017.

(iii) The term "*Business Day*" means any day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City are authorized by law or executive order to close.

(iv) The term "*MSRB*" means the Municipal Securities Rulemaking Board.

(v) The term "*Pricing Certificate*" means a certificate of the Pricing Officer setting forth the terms of sale of the Bonds including the method of sale, principal

amount, maturity dates, interest payment dates, dated date, interest rates, yields, redemption provisions, and other matters related to the sale of the Bonds.

(vi) The term "*Pricing Officer*" means the Mayor, the City Manager and the Assistant City Manager (Jeff Kersten) of the City (each the "*Pricing Officer*") each of whom is independently authorized to finalize the terms of sale of the Bonds by execution of the Pricing Certificate.

(vii) The term "*Purchaser*" means (i) if the Bonds are sold by negotiated sale, the underwriter or underwriting syndicate selected by the Pricing Officer, or (ii) if the Bonds are sold by competitive sale by soliciting public bids, the underwriter or underwriting syndicate awarded the Bonds by the Pricing Officer.

(viii) The term "*Rule*" means SEC Rule 15c2-12 (17 C.F.R. § 240.15C2-12), as amended from time to time.

(ix) The term "*SEC*" means the United States Securities and Exchange Commission

(b) That said City's General Obligation Improvement and Refunding Bonds, to be designated the "City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017", are hereby authorized to be issued and delivered in the principal amount not to exceed \$36,600,000 for the public purpose of (i) refunding the Refunded Obligations; (ii) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (iii) pay for the costs of expanding, constructing and improving City library facilities; (iv) paying the fiscal, engineering and legal fees incurred in connection with such projects; and (v) paying the costs incurred in connection with the issuance of the Bonds (collectively, the "*Projects*").

Section 2. DELEGATION TO PRICING OFFICER.

(a) As authorized by Sections 1207.007 and 1371.053, Texas Government Code, each Pricing Officer is each hereby authorized to act individually and severally on behalf of the City in selling and delivering the Bonds, carrying out the other procedures specified in this Ordinance, including, determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, whether the Bond shall be sold and delivered in one or more series and the date and sale and delivery of each such series, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment and record dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the City, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds and obtaining municipal insurance for all or any portion of the Bonds and providing for the terms and provisions thereof applicable to the Bonds, all of which shall be specified in the Pricing Certificate; provided that:

(i) the aggregate original principal amount of the Bonds shall not exceed \$36,600,000, with (i) no more than \$19,000,000 of such amount to be issued to refund

the Refunded Obligations and pay costs of issuance of the Bonds, and (ii) no more than \$17,600,000 of such amount issued to pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; to pay for the costs of expanding, constructing and improving City library facilities; to pay paying the fiscal, engineering and legal fees incurred in connection with such projects; and to pay the costs incurred in connection with the issuance of the Bonds;

(ii) the true interest cost of the Bonds shall not exceed 3.750% per annum;

(iii) the refunding must produce present value debt service savings of at least 5.000%;

(iv) the final maturity of the Bonds shall not exceed February 15, 2037;

(v) the delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to May 11, 2018; and

(vi) on or prior to delivery, the Bonds shall be rated by a nationally recognized rating agency for municipal securities in one of the four highest categories for long-term obligations.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount that, when combined with premium used for purposes other than the payment of costs of issuance, does not exceed the amount authorized in Subsection (a) hereof, which shall be sufficient in amount to provide for the purposes for which the Bonds are authorized and to pay costs of issuing the Bonds. The Bonds shall be sold with and subject to such terms as set forth in the Pricing Certificate.

(c) The Bonds may be sold by public offering (either through a negotiated or competitive offering) and the Pricing Certificate shall so state, and the Pricing Certificate may conform this Ordinance to such method of sale, including the provisions hereof that pertain to the undertaking of the Issuer in accordance with the Rule.

(c) The City Council hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms of the Bonds as set forth in this Ordinance is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated into the Pricing Certificate are required to be, in the Issuer's best interests, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate a finding to that effect.

Section 3. CHARACTERISTICS OF THE BONDS. (a) The City shall keep or cause to be kept at the corporate trust office in Dallas, Texas (the "*Designated Trust Office*") of The Bank of New York Mellon Trust Company, N.A., or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below (the "*Paying Agent/Registrar*"), books or records for the registration and transfer of the Bonds (the "*Registration Books*"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be

the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided. The City or its designee shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar at its Designated Trust Office, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender thereof to the Paying Agent/Registrar at its Designated Trust Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute Bond or Bonds shall be issued in exchange therefor in the manner herein provided.

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

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

(d) Each Bond may be exchanged for fully registered Bonds in the manner set forth herein. Each Bond issued and delivered pursuant to this Ordinance may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered Bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If any Bond or portion thereof is assigned and transferred, each Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered Bond or Bonds delivered in exchange for or replacement of any Bond

or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Bond delivered in exchange for or replacement of another Bond prior to the first scheduled interest payment date on the Bonds (as stated on the face thereof) shall be dated the same date as such Bond, but each substitute Bond so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute Bond is delivered, unless such substitute Bond is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; provided, however, that if at the time of delivery of any substitute Bond the interest on the Bond for which it is being exchanged has not been paid, then such substitute Bond shall be dated as of the date to which such interest has been paid in full. On each substitute Bond issued in exchange for or replacement of any Bond or Bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM OF BOND (the "*Authentication Certificate*"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute Bond, date such substitute Bond in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Bonds or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bond in the manner prescribed herein. Pursuant to Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, within 45 calendar 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 principal of a Bond.

(e) All Bonds issued in exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Bonds, but the registered owner of any Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Bonds requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such Bond or portion thereof, together with any taxes or governmental charges required to be

paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof in an Authorized Denomination, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Bonds solely to the extent above provided, and with respect to the exchange of Bonds solely to the extent above provided.

(g) The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that it will promptly appoint a competent and legally qualified national or state banking institution which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 4. FORM OF BONDS. The form of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be in substantially the form as set forth in **Exhibit A** to this Ordinance, shall be numbered consecutively from R-1 upward, with the Initial Bond being numbered T-1, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance, and with the FORM OF BOND to be modified pursuant to, and completed with information set forth in the Pricing Certificate. The FORM OF BOND as it appears in **Exhibit A** shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the FORM OF BOND to reproduced as an exhibit to the Pricing Certificate. The printer of the Bonds is hereby authorized to print on the Bonds (i) the form of bond counsel's opinion relating to the

Bonds, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Bonds.

Section 5. RESERVED.

Section 6. LEVY OF TAX; INTEREST AND SINKING FUND.

(a) That a special fund or account, to be designated the "City of College Station, Texas Series 2017 Improvement and Refunding Bond Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created and shall be established and maintained by the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds are outstanding and unpaid, the governing body of the City shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and the cost of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Bonds as such principal matures or comes due through operation of the mandatory sinking fund redemption, if any, but never less than 2% of the original amount of the Bonds as a sinking fund each year. The rate and amount of ad valorem tax is hereby ordered to be levied against all taxable property in the City for each year while any of the Bonds is outstanding and unpaid, and the ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Ad valorem taxes necessary to pay the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 7. TRANSFER. That the City shall do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest due on the Bonds.

Section 8. SECURITY FOR FUNDS. That the Interest and Sinking Fund created by this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Interest and Sinking Fund shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) *Replacement Bonds.* That in the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) *Application for Replacement Bonds.* That application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner

thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement Bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

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

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

(e) *Authority for Issuing Replacement Bonds.* That in accordance with Section 1201.067, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the City or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(d) of this Ordinance for Bonds issued in conversion and exchange of other Bonds.

Section 10. FEDERAL INCOME TAX MATTERS. That the City covenants to refrain from any action which would adversely affect, or to take such action as to ensure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds five percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) then the amount in excess of five percent is used for a "private business use" which is "related" and not "disproportionate", within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(1) proceeds of the Bonds invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

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

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

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

For purposes of the foregoing (a) and (b), the City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained

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

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

Section 11. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. That the City covenants to account for the expenditure of proceeds from the sale of the Bonds and any investment earnings thereon to be used for the purposes described in Section 1 of this Ordinance (such purpose referred to in this Section and Section 12 as a "Project") on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) such Project is completed. The foregoing notwithstanding, the City shall not expend such proceeds or investment earnings more than 60 days after the earlier of (a) the fifth anniversary of the date of delivery of the Bonds or (b) the date the Bonds are retired, unless the City obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 12. DISPOSITION OF PROJECT. That the City covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the City may rely on an opinion of nationally-recognized bond counsel that any action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will

not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13. PROCEDURES TO MONITOR COMPLIANCE WITH TAX COVENANTS. The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the federal tax covenants made by the City herein.

Section 14. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS. That the Assistant City Manager of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such certificate. The Bonds thus registered shall remain in the custody of the Assistant City Manager (or the designee thereof) until delivered to the Underwriter (as defined in Section 18 of this Ordinance).

Section 15. DTC REGISTRATION. That the Bonds initially shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, 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 under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Bonds initially authorized by this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Bonds on behalf of the Underwriter and its participants. So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Bonds in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Bonds will be duly

delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds. In connection with the initial establishment of the foregoing book-entry system with DTC, the City heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

Section 16. CONTINUING DISCLOSURE OBLIGATION PURSUANT TO RULE 15C2-12 (17 C.F.R. § 240.15C2-12).

(a) *Annual Reports.*

(i) The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in the Official Statement under Tables numbered 1 through 6; 8 through 20 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 20 within six months after the end of each fiscal year ending in and after 2017. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2017. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B of the Official Statement or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

(ii) The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC, as permitted by the Rule. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. 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 reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) *Event Notices.* The City shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten Business Days after the occurrence of the event) of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
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 the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of an obligated person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by such subsection.

(c) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes Bonds no longer to be outstanding.

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

(iii) UNDER NO CIRCUMSTANCE SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, 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.

(iv) No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended. The provisions of this Section may be amended by the City 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 City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule 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 Bonds in the primary offering of the Bonds.

(d) *Procedures to Monitor Compliance with Continuing Disclosure Covenants.* The City hereby adopts the procedures attached hereto as **Exhibit B** as a means of monitoring compliance with the continuing disclosure covenants made by the City herein.

Section 17. DEFEASANCE. (a) *Deemed Paid.* Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Bond*") within the meaning of this Ordinance, except to the extent provided in subsection (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the City with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) *Investments.* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the City be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon,

with respect to which such money has been so deposited, shall be turned over to the City, or deposited as directed in writing by the City. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) above. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Securities, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) *Selection of Defeased Bonds.* In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

(d) *Defeasance Securities.* The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) 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 City 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; (iii) 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 City 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 (iv) any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Bonds.

(e) *Continuing Duty of Paying Agent/Registrar.* Until all Bonds defeased under this Section of this Ordinance shall become due and payable, the Paying Agent/Registrar for such Bonds shall perform the services of Paying Agent/Registrar for such Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services.

(f) The Pricing Officer is hereby authorized to modify the securities that are eligible as Defeasance Securities and any such modification shall described in the Pricing Certificate.

Section 18. SALE OF BONDS; OFFICIAL STATEMENT. (a) The Bonds may be sold by public offering (either through a negotiated or competitive offering) and the terms and provisions of which are to be determined by the Pricing Officer in accordance with Section 2 hereof, and in which the purchasers of the Bonds are designated. The Bonds may be sold pursuant to a purchase agreement or notice of sale and bidding instructions (collectively, the "*Purchase Agreement*") which the Pricing Officer is hereby authorized to execute and deliver and in which the Purchaser of the Bonds shall be designated. The Bonds shall initially be registered in the name of the Purchaser thereof as set forth in the Pricing Certificate.

(b) The City hereby approves the form and content of the draft preliminary official statement relating to the Bonds in the form attached hereto as **Exhibit C** and any addenda, supplement or amendment thereto, and approves the distribution of such preliminary official statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable. The Pricing Officer is hereby authorized, in the name and on behalf of the City, to approve, distribute, and deliver a final preliminary official statement and a final official statement relating to the Bonds to be used by the Underwriter in the marketing of the Bonds.

(c) The Pricing Officer is authorized, in connection with effecting the sale of the Bonds, to obtain from a municipal bond insurance company so designated in the Pricing Certificate (the "*Insurer*") a municipal bond insurance policy (the "*Insurance Policy*") in support of the Bonds. To that end, should the Pricing Officer exercise such authority and commit the City to obtain a municipal bond insurance policy, for so long as the Insurance Policy is in effect, the requirements of the Insurer relating to the issuance of the Insurance Policy are incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary. The Pricing Officer shall have the authority to execute any documents to effect the issuance of the Insurance Policy by the Insurer.

(d) The Mayor and Mayor Pro Tem, the City Manager, the Assistant City Manager, Director of Finance and City Secretary, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the City a Paying Agent/Registrar Agreement, in the form presented at the meeting at which this Ordinance is adopted, with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds, the Purchase Agreement and the Official Statement. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 19. FURTHER PROCEDURES. That the Mayor, the City Secretary, the City Manager, the Assistant City Manager, and Director of Finance, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, and the sale and delivery of the Bonds and fixing all details in connection therewith. The City Council hereby authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

Section 20. CONSTRUCTION FUND; USE OF PROCEEDS.

(a) The City hereby creates and establishes and shall maintain on the books of the

City a separate fund to be entitled the "Series 2017 Bond Construction Fund" (the "*Construction Fund*") for use by the City for payment of all lawful costs associated with the acquisition and construction of the Projects.

(b) The proceeds from the sale of the Bonds shall be deposited, on the date of closing, in the manner described in a letter of instructions prepared by the City or on behalf of the City by the City's financial advisor. The foregoing notwithstanding, any proceeds representing accrued interest on the Bonds shall be deposited to the credit of the Interest and Sinking Fund.

Section 21. INTEREST EARNINGS. That the interest earnings derived from the investment of proceeds from the sale of the Bonds may be used along with other proceeds for the construction of the permanent improvements set forth in Section 1 hereof for which the Bonds are issued; provided that after completion of such permanent improvements, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 22. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. In furtherance of authority granted by Section 1207.007(b), Texas Government Code, the Pricing Officer is further authorized to enter into and execute on behalf of the City with the escrow agent named therein, an escrow or similar agreement, in the form and substance as presented at the meeting at which this Ordinance was adopted, which agreement will provide for the payment in full of the Refunded Obligations. In addition, the Pricing Officer is authorized to purchase such securities, to execute such subscriptions for the purchase of the Escrowed Securities, (as defined in the agreement), if any, and to authorize such contributions to the escrow fund as provided in the agreement.

Section 23. REDEMPTION OF REFUNDED OBLIGATIONS.

(a) The City hereby directs that certain of the Refunded Obligations be called for redemption on the dates and as set forth in the Escrow Agreement. Each of such Refunded Obligations shall be redeemed at the redemption price of par plus accrued interest. The paying agents for the Refunded Obligations are hereby authorized and directed to issue or cause to be issued the Notices of Redemption of the Refunded Obligations.

(b) In addition, the paying agent/registrars for the Refunded Obligations are hereby directed to provide the appropriate notices of redemption and defeasance as specified by the ordinances authorizing the issuance of the Refunded Obligations and are hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed on their redemption dates. The Refunded Obligations shall be presented for redemption at the paying agent/registrars therefore, and shall not bear interest after the date fixed for redemption.

(c) The source of funds for payment of the principal of and interest on the Refunded Obligations on their redemption date shall be from the funds placed in escrow with the Escrow Agent, pursuant to the Escrow Agreement approved in Section 22 of this Ordinance.

Section 24. DEFAULT AND REMEDIES.

(a) *Events of Default.* Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Bonds, 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 60 days after notice of such default is given by any registered owner to the City.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City, or any official, officer or employee of the City in their official capacity, for the purpose of protecting and enforcing the rights of the registered 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 registered owners hereunder or any combination of such remedies.

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

(c) Remedies Not Exclusive.

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

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

(iii) By accepting the delivery of a Bond authorized under this Ordinance, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

Section 25. MISCELLANEOUS PROVISIONS. (a) *Preamble.* The preamble to this Ordinance is incorporated by reference and made a part hereof for all purposes.

(b) *Titles Not Restrictive.* That the titles assigned to the various sections of this Ordinance are for convenience only and shall not be considered restrictive of the subject matter of any section or of any part of this Ordinance.

(c) *Rules of Construction.* The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to "FORM OF BOND" shall refer to the form of the Bonds set forth in ***Exhibit A*** to this Ordinance. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as may be described herein.

(d) *Inconsistent Provisions.* All ordinances, orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed and declared to be inapplicable, and the provisions of this Ordinance shall be and remain controlling as to the matters prescribed herein.

(e) *Severability.* If any word, phrase, clause, paragraph, sentence, part, portion, or provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance shall nevertheless be valid and the City hereby declares that this Ordinance would have been enacted without such invalid word, phrase, clause, paragraph, sentence, part, portion, or provisions.

(f) *Governing Law.* This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas.

(g) *Open Meeting.* The City officially finds and determines that the meeting at which this Ordinance is adopted was open to the public; and that public notice of the time, place, and purpose of such meeting was given, all as required by Chapter 551, Texas Government Code.

(h) *Application of Chapter 1208, Government Code.* Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of ad valorem taxes granted by the City under Section 6, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City is to be subject to the filing requirements of

Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

(i) *Immediate Effect.* In accordance with the provisions of Section 1201.028, Texas Government Code, this Ordinance shall be effective immediately upon its adoption by the City Council.

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PASSED, APPROVED AND EFFECTIVE THIS MAY 11, 2017.

City Secretary; City of College Station

Mayor; City of College Station

(CITY SEAL)

APPROVED:

McCall, Parkhurst & Horton L.L.P., Dallas, Texas
Bond Counsel



Ordinance
City of College Station, Texas
General Obligation Improvement and Refunding Bonds, Series 2017

SIGNATURE PAGE

SCHEDULE I
REFUNDED OBLIGATIONS

City of College Station, Texas General Obligation Improvement Bonds, Series 2009

<u>Principal</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>CUSIP</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$155,000.00	02/15/2018	3.500%	194468W91	Maturity	-
\$155,000.00	02/15/2019	3.700%	194468X25	Maturity	-
\$160,000.00	02/15/2020	3.900%	194468X33	02/15/2019	100.00
\$175,000.00	02/15/2021	4.000%	194468X41	02/15/2019	100.00
\$180,000.00	02/15/2022	4.050%	194468X66	02/15/2019	100.00
\$195,000.00	02/15/2023	4.050%	194468X66	02/15/2019	100.00
\$200,000.00	02/15/2024	4.300%	194468X82	02/15/2019	100.00
\$210,000.00	02/15/2025	4.300%	194468X82	02/15/2019	100.00
\$220,000.00	02/15/2026	4.500%	194468Y24	02/15/2019	100.00
\$225,000.00	02/15/2027	4.500%	194468Y24	02/15/2019	100.00
\$250,000.00	02/15/2028	4.650%	194468Y40	02/15/2019	100.00
\$260,000.00	02/15/2029	4.650%	194468Y40	02/15/2019	100.00

City of College Station, Texas Certificates of Obligation, Series 2009

<u>Principal</u>	<u>Maturity Date</u>	<u>Coupon</u>	<u>CUSIP</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
\$1,105,000.00	02/15/2018	3.500%	1944686E9	Maturity	-
\$1,165,000.00	02/15/2019	3.750%	1944686F6	Maturity	-
\$1,220,000.00	02/15/2020	4.000%	1944686G4	02/15/2019	100.00
\$1,285,000.00	02/15/2021	4.000%	1944686H2	02/15/2019	100.00
\$1,345,000.00	02/15/2022	4.000%	1944686J8	02/15/2019	100.00
\$1,415,000.00	02/15/2023	4.125%	1944686K5	02/15/2019	100.00
\$1,485,000.00	02/15/2024	4.250%	1944686L3	02/15/2019	100.00
\$1,570,000.00	02/15/2025	5.000%	1944686M1	02/15/2019	100.00
\$1,645,000.00	02/15/2026	4.500%	1944686N9	02/15/2019	100.00
\$1,730,000.00	02/15/2027	4.500%	1944686P4	02/15/2019	100.00
\$1,815,000.00	02/15/2028	4.500%	1944686Q2	02/15/2019	100.00
\$1,915,000.00	02/15/2029	4.600%	1944686R0	02/15/2019	100.00

EXHIBIT A

FORM OF BOND

The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance and with the Bonds to be completed with information set forth in the Pricing Certificate. The Form of Bond as it appears in this Exhibit A shall be completed, amended and modified by Bond Counsel to incorporate the information set forth in the Pricing Certificate but it is not required for the Form of Bond to reproduced as an exhibit to the Pricing Certificate.

NO. _____	UNITED STATES OF AMERICA STATE OF TEXAS COUNTY OF BRAZOS	Principal Amount \$[]
	CITY OF COLLEGE STATION, TEXAS GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BOND, SERIES 2017	
<u>MATURITY DATE</u>	<u>INTEREST RATE</u> %	<u>DELIVERY DATE</u> [], 2017
		<u>CUSIP NO.</u>

REGISTERED OWNER:

PRINCIPAL AMOUNT:

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF COLLEGE STATION, TEXAS, in Brazos County (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or to the registered assignee hereof (either being hereinafter called the "registered owner") the Principal Amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months), from the Delivery Date specified above, to the Maturity Date specified above, or the date of its redemption prior to scheduled maturity, at the interest rate per annum specified above, with said interest payable on February 15, 2018, and semiannually on each August 15 and February 15 thereafter until maturity or prior redemption; except that if this Bond is required to be authenticated and the date of its authentication is later than February 15, 2018, such interest is payable semiannually on each August 15 and February 15 following such date.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. At maturity or redemption prior to maturity, the principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at the designated corporate trust office in Dallas, Texas (the "*Designated Trust Office*") of The Bank of New York Mellon Trust Company, N.A., which is the "*Paying Agent/Registrar*" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Bond (the "*Bond Ordinance*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "*Record Date*") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for payment at the Designated Trust Office of the Paying Agent/Registrar. The City covenants with the registered owner of this Bond that on or before each principal and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IN THE EVENT OF 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 City. 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 registered owner of a Bond appearing on the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

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

THIS BOND is one of a Series of Bonds dated as of July 1, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$[], for the purpose of for the public purpose of (i) refunding the Refunded Obligations; (ii) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (iii) pay for the costs of expanding, constructing and improving City library facilities; (iv) paying the fiscal, engineering and legal fees incurred in connection with

such projects; and (v) paying the costs incurred in connection with the issuance of the Bonds (collectively, the "Projects").

ON FEBRUARY 15, 2027, or on any date thereafter, the Bonds of this Series maturing on February 15, 2028 and thereafter may be redeemed prior to their scheduled maturities, at the option of the City, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for redemption at the option of the City prior to their stated maturity shall be selected by the City. The Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; *provided*, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

THE BONDS SCHEDULED TO MATURE on February 15, 20[]36 (the "Term Bonds") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Bonds, on each February 15 of the years and in the respective principal amounts, set forth in the following schedule:

Term Bonds due February 15, 20[]:

Mandatory Redemption Date: 2/15/20[]	Principal Amount: \$[,000.00
Mandatory Redemption Date: 2/15/20[]*	Principal Amount: \$[,000.00

* Maturity

THE PRINCIPAL AMOUNT OF TERM BONDS of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Bonds of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

AT LEAST THIRTY days prior to the date fixed for any such redemption, a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar. By the date fixed for any such redemption due provision shall be made by the City with the Paying Agent/Registrar for the payment of the

required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in Authorized Denominations, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Bonds called for redemption, such notice must state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in Authorized Denominations. As provided in the Bond Ordinance, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in Authorized Denominations as requested in writing by the appropriate registered owner, assignee, or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar at its Designated Trust Office for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar at its Designated Trust Office, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in an Authorized Denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The foregoing notwithstanding, in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the City. The one requesting such exchange shall pay the

Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Bond or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business 30 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 45 calendar days.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

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

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a direct obligation of said City, issued on the full faith and credit thereof; and that in accordance with the terms of the Bond Ordinance, annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said City, and have been pledged for such payment, within the limit prescribed by law.

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

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Mayor of the City, attested by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly affixed to, or impressed, or placed in facsimile, on this Bond.

XXXXX
City Secretary; City of College Station

XXXXX
Mayor; City of College Station

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the proceedings adopted by the City as described in the text of this Bond; and that this Bond has been issued in exchange for or replacement of a Bond of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

The Bank of New York Mellon
Trust Company, N.A.
Paying Agent/Registrar

By: _____
Authorized Representative

[FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE BOND (BOND NO. T-1) UPON INITIAL DELIVERY THEREOF]

COMPTROLLER'S CERTIFICATE

OFFICE OF COMPTROLLER §

REGISTER NO. _____

STATE OF TEXAS §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and 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 City of College Station, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Bond has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas this _____.

Comptroller of Public Accounts of
the State of Texas

(SEAL)

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

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

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

INSERTIONS FOR THE INITIAL BOND. The initial Bond shall be in the form set forth in paragraph (a) of this Form of Bond, except that:

- i. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. ____" shall be deleted.
- ii. the first paragraph shall be deleted and the following will be inserted:

THE CITY OF COLLEGE STATION, TEXAS, in Brazos County, Texas (the "City"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above or to the registered assignee hereof (either being hereinafter called the "registered owner") on the Maturity Dates, in the Principal Amounts and bearing interest at the per annum Interest Rates set forth in the following schedule:

Maturity
Date

Principal
Amount

Interest
Rate

The City promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2018 and on each August 15 and February 15 thereafter to the date of payment of the Principal Amounts specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

iii. The initial Bond shall be numbered "T-1."

EXHIBIT B

. PROCEDURES REGARDING COMPLIANCE WITH FEDERAL TAX AND CONTINUING DISCLOSURE COVENANTS

This Exhibit is intended to assist the City of College Station (the "City") in complying with the federal income tax covenants and securities disclosure covenants as they apply to the issuance of tax-exempt debt securities such as the General Obligation Improvement and Refunding Bonds (the "Obligations"). These procedures should be read together with any federal tax certifications, bond covenants, letters or memoranda from bond counsel and any attachments thereto (collectively, the "Closing Documents"). Failure to comply with federal guidelines could have serious consequences for investors, the City and its officials.

These procedures shall apply to the Obligations, until they are superseded by a change in circumstances at which time the City's bond counsel will propose new procedures to be adopted.

I. FEDERAL TAX LAW

1. Arbitrage Compliance.

Arbitrage refers to the difference between the interest paid on tax-exempt Obligations and the interest earned by investing the proceeds of tax-exempt Obligations in higher-yielding investments. Such higher-yielding investments could take the form of loans, securities, real property, personal property, or other investments that could yield a profit to the City. Federal income tax laws generally restrict the ability to earn arbitrage utilizing the proceeds of tax-exempt Obligations. Generally, any profit from investing Obligation proceeds at a yield above the yield paid on the Obligations belongs to the federal government and must be rebated to the federal government. If the City fails to comply federal tax guidelines, Obligations could be deemed to be "arbitrage bonds" by the Internal Revenue Service (the "IRS"), which would expose the City to monetary liability from the City's investors.

The arbitrage yield on the Obligations is set forth on the IRS Form 8038-G.

The Assistant City Manager and the City Treasurer (including such other employees of the City who report to such officers) (collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

- a. Procedures applicable to the Obligation. The Responsible Person shall undertake the following procedures.

- i. If the City plans to spend funds currently on hand for a future project with the intent to later repay such funds from a debt issue, the Responsible Person shall contact Bond Counsel to obtain advice regarding a reimbursement resolution. The Responsible Person shall maintain any official action of the City (such as a reimbursement resolution) stating the City's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project.
 - ii. The Responsible Person shall ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS.
 - iii. If proceeds of the Obligations are to be invested in interest-earning investments, assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired. If proceeds of the Obligations are to be invested in interest-earning investments, the Responsible Person should contact the City's arbitrage consultant regarding such matters.
 - iv. The Responsible Person shall monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund (the "I&S Fund"), to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period.

NOTE: the purpose of the I&S Fund is to achieve a proper matching of revenues with principal and interest payments within each fiscal year. The I&S Fund should be used a mechanism for payment of current debt service and not as a long-term investment fund for debt service many years in the future.
 - v. The Responsible Person shall ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.
- b. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person shall undertake the following.

- i. The Responsible Person shall instruct the persons who are primarily responsible for the construction, renovation or acquisition of the facilities financed with Obligations (the “Project”) that the Project must (i) proceed with due diligence toward completion and that (ii) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations will be entered into within six (6) months of the date of closing of the Obligations (the “Issue Date”). The Responsible Person shall monitor that the above requirements are satisfied.
 - ii. The Responsible Person shall monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within three years of the Issue Date.
 - iii. The Responsible Person shall monitor investment of proceeds of the Obligations and restrict the yield of the investments to the yield on the Obligations after three years of the Issue Date.
 - iv. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are later refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes, and shall contact Bond Counsel as necessary.
- c. *Procedures applicable to Escrow Accounts for the Obligations.* In addition to the foregoing, with respect to the proceeds of the Obligations deposited to the escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person shall undertake the following.
- i. The Responsible Person shall review invoices, reports and other notifications from the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances.
 - ii. The Responsible Person shall contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed.
 - iii. The Responsible Person shall monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

B. Private Business Use.

Generally, the proceeds of tax-exempt Obligations may not inure to the benefit of entities other than state or local governments (“private business use”). Private business use occurs whenever Obligation proceeds are used to benefit any entity other than a state or local government, *including nonprofit corporations and the federal government.*

A series of Obligations may lose their tax-exempt status if: (i) more than 10% of the proceeds of the Obligations are to be used for any private business use and the payment of the principal or interest on more than 10% of the proceeds of the Obligations is secured by or payable from property used for a private business use, or (ii) the amount of proceeds of the Obligations used to make loans to borrowers other than state and local governments exceeds the lesser of 5% of the proceeds or \$15 million.

With respect to the use of the facilities financed or refinanced with the proceeds of the Obligations, the Responsible Person shall undertake the following to ensure the Obligations do not violate private business use tests.

- a. The Responsible Person shall develop procedures or a “tracking system” to identify, log and record all property financed with tax-exempt debt and identify the issue of Obligations used to finance such property.
- b. The Responsible Person shall monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended.
- c. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, research contract, naming rights agreement, purchase contract, management agreement or other service agreement) with respect to any portion of the Project.
- d. Before entering into any private business use arrangement that involves the use of the Project, the Responsible Person must obtain a description of the proposed private business use arrangement and determine whether such arrangement, if put into effect, will be consistent with the restrictions on private business use of the Project. In connection with the evaluation of any proposed private business use arrangement, the Responsible Person should consult with Bond Counsel to discuss whether such arrangement, if put into effect, will be consistent with the restrictions on private business use of the Project, and, if not, whether any “remedial action” permitted under federal guidelines may be taken as a means of enabling such private business use without adversely affecting the tax-exempt status of the Obligations.
- e. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, the employees of the

City, the agents of the City or members of the general public has a right to use the output of the Project (*e.g.*, water, gas, electricity, capacity) on any basis other than standard rates and charges.

- f. The Responsible Person shall monitor and record whether, at any time the Obligations are outstanding, any person, other than the City, has a naming right for the Project or any other contractual right granting an intangible benefit.
- g. Prior to any sale of property owned by the City (real or personal), the Responsible Person must confirm whether such property was financed with tax-exempt debt, and if so, determine whether the proposed disposition of the property could impact the tax-exempt status of the series of Obligations that financed the acquisition of such property.
- h. The Responsible Person shall take any action necessary to remediate any failure to maintain compliance with the covenants contained in the ordinance authorizing the issuance of the applicable series of Obligations.

C. Record Retention.

The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

For purposes of these procedures, the Memorandum of Bond Counsel dated December 1, 2011 styled "Certain Federal Income Tax Considerations for Record Retention – Record Management Program and Periodic Compliance Review" is incorporated herein and should be reviewed periodically, at least once per year, by the Responsible Person.

D. Responsible Person & Continuity.

Each Responsible Person shall receive appropriate training regarding the City's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Obligations. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

Prior to cessation of employment with the City, the Responsible Person should identify their successor to maintain compliance with these procedures.

II. FEDERAL SECURITIES LAW

Obligations, whether taxable or tax-exempt, sold in a public offering in an amount of \$1 million or more are subject to Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”). Additionally, the City may have covenanted to comply with the Rule even with respect to Obligations that would otherwise be exempt from the Rule (*e.g.*, Obligations sold in a private placement or Obligations sold in an amount less than \$1 million). Pursuant to the Rule, the City is required to make annual filings of certain information, as well as make filings upon the occurrence of certain specified events. All filings must be made with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access System (“EMMA”) at emma.msrb.org.

A. Annual Filings.

The City must file the information listed below with EMMA within six (6) months of each fiscal year end for so long as the respective series of Obligations remains outstanding. The City’s fiscal year ends on September 30 of each year. Therefore, the City must provide updated information by March 31 of the subsequent year. If audited financial statements are not available by March 31, the City must provide unaudited financial information by such date and provide audited financial statements when such statements become available. The City must file each of the following items with EMMA:

- (1) The City’s audited financial statements; and
- (2) An update of the financial tables included in the Official Statement used in connection with the Obligations as described under the caption "Continuing Disclosure of Information". The information should be from the most recent fiscal year end.

The Responsible Person must compile, prepare and make such filings within the required time, or, alternatively, contract with a third-party, such as the City’s financial advisor, to make such filings on the City’s behalf.

B. Notices of Specified Events.

The City must provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (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, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (7) Modifications to rights of Obligation holders, if material;
- (8) Obligations calls (includes redemptions and other early payments), if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Obligations, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material; and
- (15) In a timely manner, notice of a failure of the City to make the required annual filings listed in Subsection II(A) above.

The Responsible Person should review this list at regular intervals to determine whether any event has occurred that may require a filing with EMMA.

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT

PRELIMINARY OFFICIAL STATEMENT

DATED _____, 2017

Ratings:

Moody's: " _____ "

S&P: " _____ "

(See "OTHER INFORMATION – RATINGS" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Obligations will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

**CITY OF COLLEGE STATION, TEXAS
(a Home-Rule City located in Brazos County, Texas)**

**\$24,965,000*
GENERAL OBLIGATION IMPROVEMENT
AND REFUNDING BONDS
SERIES 2017**

**\$60,980,000*
CERTIFICATES OF OBLIGATION
SERIES 2017**

Dated Date: July 1, 2017

Interest Accrual Date: Date of Delivery

Due: February 15, as shown on inside cover

The \$24,965,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017 (the "Bonds") and the \$60,980,000* City of College Station, Texas Certificates of Obligation, Series 2017 (the "Certificates") are being issued by the City of College Station, Texas (the "City") pursuant to the terms of two separate ordinances adopted by the governing body of the City. In each of the ordinances, the City Council of the City delegated authority to certain authorized officials of the City to finalize the pricing of the Obligations. The Bonds and the Certificates are referred to herein collectively as the "Obligations."

The Obligations are issuable only in fully registered form in the denomination of \$5,000 principal amount or integral multiples thereof, initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Obligations. The Obligations initially will be available to purchasers in book-entry-form only. So long as Cede & Co. is the registered owner of the Obligations, as nominee for DTC, the Paying Agent/Registrar, initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") will pay the principal of and interest on the Obligations to Cede & Co., which will, in turn, remit such amounts to DTC participants for subsequent disbursement to the beneficial owners of the Obligations.

Interest on the Obligations will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. (see "THE OBLIGATIONS - GENERAL DESCRIPTION")

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. (see "THE OBLIGATIONS – OPTIONAL REDEMPTION").

In addition to the foregoing optional redemption provision, if in connection with the pricing of the Bonds or the Certificates the principal amounts designated in the separate Maturity Schedules herein are combined to create Term Obligations, each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Obligation and continuing on February 15 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from the Term Obligations then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Obligations of the maturity then subject to redemption which have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement (see "THE OBLIGATIONS - MANDATORY SINKING FUND REDEMPTION").

SEE MATURITY SCHEDULE, INTEREST RATES AND YIELDS ON INSIDE COVER

The Obligations are payable from annual ad valorem taxes levied against all taxable property in the City, within the legal limits prescribed by law. The Certificates are additionally payable from a subordinate lien on and pledge of \$1,000 of the surplus revenues of the City's combined utility system (see "THE OBLIGATIONS – SECURITY AND SOURCE OF PAYMENT," and "– TAX RATE LIMITATION").

The Bonds and the Certificates are being offered by the City concurrently, under a common Official Statement. The Bonds and the Certificates are separate and distinct securities being issued and sold independently except for the Official Statement, and, while the Bonds and Certificates share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the date of accrual and payment of interest for each series of the securities being offered, the redemption provisions and the tax treatment of interest for federal income tax purposes.

The Obligations of each series are offered for delivery, when issued, and received by the initial purchasers (the "Initial Purchasers") and subject to the opinion of the Attorney General of the State of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel for the City (see "APPENDIX C – FORMS OF OPINIONS OF BOND COUNSEL"). It is expected that the Obligations will be available for delivery through the services of DTC on or about July 12, 2017.

**BIDS DUE THURSDAY, JUNE 14, 2017, AT 9:30 A.M., CDT FOR THE CERTIFICATES
BIDS DUE THURSDAY, JUNE 14, 2017, AT 10:30 A.M., CDT FOR THE BONDS**

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

MATURITY SCHEDULES*

\$24,965,000*

General Obligation Improvement and Refunding Bonds, Series 2017

Due	Interest			CUSIP ⁽¹⁾	Due	Interest			CUSIP ⁽¹⁾
Feb. 15	Principal*	Rate	Yield		Feb. 15	Principal*	Rate	Yield	
2018	470,000				2028 ⁽²⁾	985,000			
2019	560,000				2029 ⁽²⁾	1,010,000			
2020	590,000				2030 ⁽²⁾	920,000			
2021	615,000				2031 ⁽²⁾	950,000			
2022	650,000				2032 ⁽²⁾	980,000			
2023	1,960,000				2033 ⁽²⁾	1,015,000			
2024	2,270,000				2034 ⁽²⁾	1,050,000			
2025	2,400,000				2035 ⁽²⁾	1,085,000			
2026	2,520,000				2036 ⁽²⁾	1,120,000			
2027	2,655,000				2037 ⁽²⁾	1,155,000			

\$60,980,000*

Certificates of Obligation, Series 2017

Due	Interest			CUSIP ⁽¹⁾	Due	Interest			CUSIP ⁽¹⁾
Feb. 15	Principal*	Rate	Yield		Feb. 15	Principal*	Rate	Yield	
2018	\$3,415,000				2028 ⁽²⁾	\$2,875,000			
2019	2,275,000				2029 ⁽²⁾	2,965,000			
2020	2,405,000				2030 ⁽²⁾	3,045,000			
2021	2,525,000				2031 ⁽²⁾	3,145,000			
2022	2,645,000				2032 ⁽²⁾	3,245,000			
2023	2,775,000				2033 ⁽²⁾	3,350,000			
2024	2,915,000				2034 ⁽²⁾	3,465,000			
2025	2,790,000				2035 ⁽²⁾	3,585,000			
2026	2,940,000				2036 ⁽²⁾	3,700,000			
2027	3,090,000				2037 ⁽²⁾	3,830,000			

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

- (1) CUSIP numbers have been assigned to the Obligations by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (2) The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof (the “Rule”), this document constitutes a Preliminary Official Statement of the City with respect to the Obligations that has been deemed “final” by the City as of its date except for the omission of no more than the information permitted by the Rule.

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.

The information set forth herein has been obtained from the City 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 promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. CUSIP numbers have been assigned to this issue by CUSIP Global Services, and are included solely for the convenience of the owners of the Obligations. Neither the City, the Financial Advisor nor the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

In connection with this offering, the Initial Purchasers may over-allot or effect transactions which stabilize the market price of the issue at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Obligations are exempt from registration with the Securities and Exchange Commission and consequently have not been registered therewith. The registration, qualification, or exemption of the Obligations 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.

NEITHER THE CITY, ITS FINANCIAL ADVISOR NOR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM.

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 City or other matters described herein since the date hereof.

The Initial Purchasers have provided the following sentence for inclusion in this Official Statement. The Initial Purchasers have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchasers do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. See “OTHER INFORMATION – FORWARD-LOOKING STATEMENTS DISCLAIMER” herein.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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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.

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 Obligations 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 CITY**..... The City of College Station, Texas (the “City”) is a political subdivision and a home-rule city of the State, located in Brazos County, Texas. The City covers approximately 51.6 square miles (see “INTRODUCTION - DESCRIPTION OF THE CITY”).
- THE BONDS**..... The Bonds are issued as \$24,965,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017. The Bonds are issued as serial bonds maturing on February 15 in each of the years 2018-2037, inclusive (see “THE OBLIGATIONS - GENERAL DESCRIPTION”). If two or more serial maturities of the Bonds are grouped into a single maturity (the “Term Bonds”) by the Initial Purchasers, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Bond Ordinance.
- THE CERTIFICATES** The Certificates are issued as \$60,980,000* City of College Station, Texas Certificates of Obligation, Series 2017. The Certificates are issued as serial certificates maturing on February 15 in each of the years 2018-2037, inclusive (see “THE OBLIGATIONS - GENERAL DESCRIPTION”). If two or more serial maturities of the Certificates are grouped into a single maturity (the “Term Certificates”) by the Initial Purchasers, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Certificate Ordinance.
- PAYMENT OF INTEREST** Interest on the Bonds will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. (see “THE OBLIGATIONS - GENERAL DESCRIPTION”).
- AUTHORITY FOR ISSUANCE
OF THE BONDS**..... The Bonds are issued pursuant to the general laws of the State, particularly Chapters 1207, 1251, 1331 and 1371, Texas Government Code, an ordinance passed by the City Council of the City, and an election held November 4, 2008. In the ordinance authorizing the issuance of the Bonds, the City Council delegated pricing of the Bonds to a “Pricing Officer” who will approve the terms of sale of the Bonds. (see “THE OBLIGATIONS - AUTHORITY FOR ISSUANCE OF THE BONDS”).
- AUTHORITY FOR ISSUANCE
OF THE CERTIFICATES** The Certificates are issued pursuant to the general laws of the State, particularly Chapter 1371, Texas Government Code and Subchapter C of Chapter 271, Texas Local Government Code, as amended; and an ordinance passed by the City Council of the City. In the ordinance authorizing the issuance of the Certificates, the City Council delegated pricing of the Certificates to a “Pricing Officer” who will approve the terms of sale of the Certificates. (see “THE OBLIGATIONS - AUTHORITY FOR ISSUANCE OF THE CERTIFICATES”).
- SECURITY FOR THE
BONDS** The Bonds constitute direct obligations of the City, secured by and payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”). Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation.
- SECURITY FOR THE
CERTIFICATES**..... The Certificates constitute direct obligations of the City, secured by and payable from a combination of (i) the levy and collection of an annual direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a subordinate lien on and pledge of \$1,000 of the surplus revenues derived from the City’s combined utility system (see “THE OBLIGATIONS - SECURITY AND SOURCE OF PAYMENT”). Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation.

* Preliminary, subject to change. See “CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS” and “ - POST BID MODIFICATION” in the Notice of Sale and Bidding Instructions.

REDEMPTION	The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE OBLIGATIONS – OPTIONAL REDEMPTION”). Additionally, the Obligations may be subject to mandatory redemption in the event the Initial Purchasers elect to aggregate one or more maturities as a term Obligation. (See “THE OBLIGATIONS – MANDATORY SINKING FUND REDEMPTION.”)
TAX EXEMPTION	In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, including the alternative minimum tax on corporations. See “TAX MATTERS” for a discussion of the opinion of Bond Counsel and Exhibit C.
USE OF BOND PROCEEDS	Proceeds from the sale of the Bonds will be used to (i) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (ii) pay for the costs of constructing and improving the City library (iii) refund certain obligations of the City described in Schedule I to this Official Statement (the “Refunded Obligations”) and (iv) pay the costs incurred in connection with the issuance of the Bonds (see “PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS”).
USE OF CERTIFICATE PROCEEDS.....	Proceeds from the sale of the Certificates will be used for (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City’s combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) to pay the costs incurred in connection with the issuance of the Certificates (see “PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS”).
RATINGS	The Obligations and presently outstanding tax supported debt of the City are rated “_____” by Moody’s Investors Service, Inc. (“Moody’s”) and “_____” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”), without regard to credit enhancement (see “OTHER INFORMATION – RATINGS”).
BOOK-ENTRY-ONLY SYSTEM	The definitive Obligations 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 Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations 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 Obligations (see “THE OBLIGATIONS - BOOK-ENTRY-ONLY SYSTEM”).
PAYMENT RECORD	Other than a late payment on the City’s Certificates of Obligation, Series 2002 that occurred in 2003, the City has never defaulted in payment of its general obligation tax debt.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	Net Ad Valorem Tax Debt ⁽³⁾	Per Capita Net Ad Valorem Tax Debt	Ratio Tax	Percent Total Collection
						Debt to Taxable Assessed Valuation	
2012	96,603	\$ 5,738,615,002	\$ 59,404	\$ 96,390,000	\$ 998	1.68%	100.09%
2013	97,534	5,944,312,987	60,946	96,750,000	992	1.63%	100.30%
2014	99,918	6,231,119,010	62,362	88,100,000	882	1.41%	100.15%
2015	102,117	6,654,600,834	65,166	101,630,000	995	1.53%	99.17%
2016	106,465	7,162,738,280	67,278	118,350,000	1,112	1.65%	100.03%
2017	109,936	7,623,964,171 ⁽⁴⁾	69,349	172,165,000 ⁽⁵⁾	1,566 ⁽⁵⁾	2.26% ⁽⁵⁾	89.70% ⁽⁶⁾

(1) Source: The City.

(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.

(3) Payable from ad valorem taxes. Does not include self-supporting debt. See "TABLE 10 – SELF-SUPPORTING DEBT" for detail on the City's self supported tax debt.

(4) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(5) Projected, includes the Obligations and excludes the Refunded Obligations.

(6) Collections as of March 15, 2017. A portion of the City's taxpayer base has elected to provide split payments to the City which will be due in part on June 30, 2017.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Beginning Balance	\$ 22,423,064	\$ 20,244,248	\$ 15,925,531	\$ 16,492,693	\$ 14,393,033
Total Revenue	60,087,950	58,378,174	50,325,825	48,229,096	46,560,274
Total Expenditures	77,508,715	68,827,167	61,303,335	59,483,559	55,670,118
Other Financing Sources	14,130,903	12,627,809	15,296,227	10,687,301	11,209,504
Ending Balance ⁽¹⁾	<u>\$ 19,133,202</u>	<u>\$ 22,423,064</u>	<u>\$ 20,244,248</u>	<u>\$ 15,925,531</u>	<u>\$ 16,492,693</u>

(1) The City's financial policies require a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus may be expended in future years for one time expenditures such as capital items and short term projects.

(2) Restated.

UTILITY SYSTEM CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Electric	\$ 98,904,688	\$ 98,763,293	\$ 95,677,765	\$ 92,892,541	\$ 94,396,234
Water and Wastewater	29,484,851	28,732,968	27,550,262	29,018,108	27,652,449
Interest	346,312	180,423	116,433	170,062	136,974
Other	3,636,420	3,546,138	2,890,061	3,670,710	2,857,223
Total Revenues	<u>\$ 132,372,271</u>	<u>\$ 131,222,822</u>	<u>\$ 126,234,521</u>	<u>\$ 125,751,421</u>	<u>\$ 125,042,880</u>
Expenses:					
Total Expenses	<u>\$ 76,771,094</u>	<u>\$ 82,079,813</u>	<u>\$ 100,235,329</u>	<u>\$ 90,519,871</u>	<u>\$ 88,927,662</u>
Net Available for Debt Service	<u>\$ 55,601,177</u>	<u>\$ 49,143,009</u>	<u>\$ 25,999,192</u>	<u>\$ 35,231,550</u>	<u>\$ 36,115,218</u>
Water (Units Served)	41,709	41,540	40,768	40,767	39,338
Wastewater (Units Served)	40,866	40,806	39,128	38,608	36,908
Electric (Units Served)	40,141	43,471	38,198	38,456	39,123

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Name	Position	Length of Service	Term Expiration	Occupation
Karl P. Mooney	Mayor	4 mos ⁽¹⁾	11/19	Texas A&M University Director
Julie Schultz	Mayor Pro Tem	5.5 Years ⁽²⁾	11/17	Business Owner
Blanche Brick	Council Member	5.5 Years ⁽³⁾	11/17	Professor
Jerome Rektorik	Council Member	4 mos ⁽⁴⁾	11/19	Retired
Linda Harvell	Council Member	4 mos ⁽⁴⁾	11/17	Business Owner
Barry Moore	Council Member	4 mos ⁽⁴⁾	11/18	Commercial RE Broker
James Benham	Council Member	4.5 Years ⁽³⁾	11/18	Business Owner

(1) Elected November 2016 - Former City of College Station Council Member 2006-2016

(2) Elected November 2012.

(3) Elected May 2011.

(4) Elected November 2016.

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service to the City (in Years)
Kelly Templin	City Manager	5.0 ⁽¹⁾
Chuck Gillman	Deputy City Manager	9.5 ⁽²⁾
Jeff Kersten	Assistant City Manager	26.0 ⁽³⁾
Jeff Capps	Assistant City Manager	24.0 ⁽⁴⁾
Carla Robinson	City Attorney	18.5
Sherry Mashburn	City Secretary	6.5
Ty Elliott	Internal Auditor	9.0
Mary Ellen Leonard	Director of Finance	1.0
David Coleman	Director of Water Services	11.5
Timothy Crabb	Director of Electric Utility	10.5 ⁽⁵⁾
Ben Roper	Director of Information Technology	12.5
David Schmitz	Director of Parks and Recreation	9.0 ⁽⁶⁾
Lance Simms	Director of Development Services	21.0 ⁽⁷⁾
Donald Harmon	Director of Public Works and CIP	17.5 ⁽⁸⁾
Alison Pond	Director of Human Resources	8.5
Jay Socol	Public Communications Director	7.5

(1) City Manager since November 2013; previously served as Planning & Development Director 2002-2004.

(2) Deputy City Manager since January 2014; previously served as Director of Public Works and CIP.

(3) Assistant City Manager since January 2014; previously served as Chief Financial Officer.

(4) Assistant City Manager since June 2014; previously served as Chief of Police.

(5) Director of Electric Utility since December 2012; previously served as Assistant Director of Electric Utility.

(6) Director of Parks and Recreation since May 2011; previously served as Assistant Director of Parks and Recreation.

(7) Director of Development Services since March 2014; previously Assistant Director of Development Services.

(8) Director of Public Works and CIP since January 2014; previously Assistant Director of Public Works and CIP.

CONSULTANTS AND ADVISORS

Auditors Ingram, Wallis & Company
Bryan, Texas

Bond Counsel McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor..... First Southwest, a Division of Hilltop Securities Inc.
Houston, Texas

For additional information regarding the City, please contact:

Jeff Kersten
Assistant City Manager
City of College Station
1101 Texas Avenue
College Station, Texas 77840
(979) 764-3555 Phone

or

Drew Masterson
First Southwest, a Division of
Hilltop Securities Inc.
700 Milam Street, Suite 500
Houston, Texas 77002
(713) 651-9850 Phone

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PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF COLLEGE STATION, TEXAS (a Home-Rule City located in Brazos County, Texas)

\$24,965,000* GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS SERIES 2017

\$60,980,000* CERTIFICATES OF OBLIGATION SERIES 2017

INTRODUCTION

This Official Statement, which includes the cover pages and Appendices hereto, provides certain information regarding the issuance of the \$24,965,000* City of College Station, Texas General Obligation Improvement and Refunding Bonds, Series 2017 (the "Bonds") and the \$60,980,000* City of College Station, Texas Certificates of Obligation, Series 2017 (the "Certificates"). The Bonds and the Certificates are referred to herein collectively as the "Obligations." Capitalized terms used in this Official Statement, except as otherwise indicated herein, have the same meanings assigned to such terms in the ordinances authorizing the issuance of the Bonds (the "Bond Ordinance") and the Certificates (the "Certificate Ordinance"), respectively. The Bond Ordinance and the Certificate Ordinance are collectively referred to herein as the "Ordinances." In the Ordinances, the City Council delegated to certain officers known as "Pricing Officers" of the City the authority to finalize the pricing of the Obligations.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City 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 City's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities Inc., Houston, Texas.

DESCRIPTION OF THE CITY

The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in October 1938, and first adopted its Home-Rule Charter in October 1938, which was last amended in November 2012. The City operates under a Council/City Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 2010 Census population was 93,857 and the current estimated population of the City is 109,857. The City covers approximately 51.6 square miles.

PLAN OF FINANCING

PURPOSE OF THE BONDS

Proceeds from the sale of the Bonds will be used to (i) pay for the costs of constructing and improving streets and roads including related drainage, landscaping, lighting, related thereto; (ii) pay for the costs of constructing and improving the City library (iii) refund certain obligations of the City described in Schedule I to this Official Statement (the "Refunded Obligations") and (iv) pay the costs incurred in connection with the issuance of the Bonds (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

PURPOSE OF THE CERTIFICATES

Proceeds from the sale of the Certificates will be used for (i) constructing, improving and extending streets, roads and pedestrian facilities including related signalization, drainage, irrigation, landscaping, lighting and signage; (ii) constructing and equipping a new police station; (iii) purchasing and installing technology improvements including new electronic storage equipment for the City and fiber optic infrastructure for use by the City; (iv) purchasing public safety radios and radio system equipment related thereto; (v) purchasing self-contained breathing apparatuses and related equipment for the fire department; (vi) designing and constructing City gateway signage; (vii) designing, constructing, equipping and installing park and recreation equipment and improvements including rehabilitating and improving aquatic facilities, playground improvements and equipment, park infrastructure improvements, upgrades and rehabilitation; (viii) constructing improvements and extensions to the City's combined waterworks, sewer and electric systems including distribution, transmission, system lines and wells; and (ix) to pay the costs incurred in connection with the issuance of the Certificates (see "PLAN OF FINANCING – SOURCES AND USE OF PROCEEDS").

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

REFUNDED OBLIGATIONS

The principal of and interest due on the Refunded Obligations are to be paid on the respective interest payment dates and redemption dates of such Refunded Obligations, from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"). The Bond Ordinance authorizing the Bonds provides that from the proceeds of the sale of the Bonds and other available moneys of the City, if any, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States or (ii) 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 City adopts 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 (the "Escrow Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the underwriters listed on the cover page hereof (the "Initial Purchasers") the mathematical accuracy of the schedules that demonstrate the Escrow Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. **Such maturing principal of and interest on the Escrow Securities will not be available to make debt service payments on the Bonds** (see "OTHER INFORMATION - VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS").

By the deposit of the Escrow Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement sufficient to pay the redemption price of the Refunded Obligations on their respective redemption dates, the City will have effected the defeasance of all of the Refunded Obligations in accordance with State law. As a result of such defeasance, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Escrow Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or revenues nor for the purpose of applying any limitation on the issuance of debt.

The City has covenanted in the Escrow Agreement to make timely deposits to the Escrow Fund, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Refunded Obligations, if for any reason, the Escrow Securities and cash balances on deposit or scheduled to be on deposit in the Escrow Fund are insufficient to make such payment.

SOURCES AND USES OF PROCEEDS

The proceeds from the sale of the Obligations, and the cash contribution by the City, will be applied approximately as follows:

THE BONDS			THE CERTIFICATES		
Sources of Funds			Sources of Funds		
Par Amount	\$	-	Par Amount	\$	-
Original Issue Premium		-	Original Issue Premium		-
Issuer Contribution		-	Total Uses of Funds	\$	-
Total Uses of Funds	\$	-			
Use of Funds			Use of Funds		
Deposit to Project Fund	\$	-	Deposit to Project Fund	\$	-
Deposit to Escrow Fund		-	Deposit to Interest and Sinking Fund		-
Deposit to Interest and Sinking Fund		-	Underwriters' Discount		-
Underwriters' Discount		-	Costs of Issuance		-
Costs of Issuance		-	Total Uses of Funds	\$	-
Total Uses of Funds	\$	-			

THE OBLIGATIONS

GENERAL DESCRIPTION

The Obligations will bear interest from the date of delivery to the Initial Purchasers, and mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Obligations will accrue from the date of delivery, and will be payable February 15 and August 15 of each year commencing February 15, 2018 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Obligations 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, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of and interest on the Obligations 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 Obligations (see "BOOK-ENTRY-ONLY SYSTEM").

AUTHORITY FOR ISSUANCE OF THE BONDS

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 1251, 1207, 1331 and 1371, Texas Government Code, as amended; an election held November 4, 2008 passed by a majority of the participating voters; and the Bond Ordinance.

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES

The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1371, Texas Government Code and Subchapter C of Chapter 271, Texas Local Government Code (the Certificate of Obligation Act of 1971), as amended; and the Certificate Ordinance.

SECURITY AND SOURCE OF PAYMENT

The Bonds are secured by and payable from a direct and continuing annual ad valorem tax levied within the limits prescribed by law, against all taxable property in the City.

The Certificates are secured by and payable from an annual continuing ad valorem taxes levied against all taxable property in the City, within the legal limits prescribed by law and payable from a subordinate lien on and pledge of \$1,000 of the surplus revenues of the City's combined utility system.

TAX RATE LIMITATION

All taxable property within the City is subject to the assessment, levy and collection by the City 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 City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home-Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service for obligations payable from annual ad valorem property taxes, as calculated at the time of issuance.

OPTIONAL REDEMPTION

The City reserves the right, at its option, to redeem Obligations of either series having stated maturities on and after February 15, 2028, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City shall determine the Obligations, or portions thereof, within such maturity to be redeemed. If Obligations (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligations (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.

MANDATORY SINKING FUND REDEMPTION

In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedules show on the inside cover page hereof are combined to create term bonds (the “Term Bonds”) or if principal amounts in the serial maturity schedule shown on the inside cover page hereof are combined to create term certificates (the “Term Certificates” and together with the Term Bonds the “Term Obligations”), each such Term Obligation shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Obligation and continuing on February 15 in each year thereafter until the stated maturity date of that Term Obligation, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the Maturity Schedules herein. Term Obligations to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from the Term Obligations then subject to redemption. The City, at its option, may credit against any mandatory sinking fund redemption requirement Term Obligations of the maturity then subject to redemption which at least 45 days prior to the mandatory sinking fund redemption date have been purchased and canceled by the City or have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NOTICE OF REDEMPTION

Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations 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. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the Ordinances have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Obligations and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Obligations have not been redeemed.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Obligations is to be transferred and how the principal of and interest on the Obligations are to be paid to and credited by the DTC while the Obligations 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 City, the Financial Advisor and the Initial Purchasers believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The City, the Financial Advisor and the Initial Purchasers cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, 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 Obligations), 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 Obligations. The Obligations will be issued as fully-registered securities 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 for each maturity will be issued for the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument 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 is the holding company for DTC, National Securities Clearing Corporation,

and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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”). Direct Participants and Indirect Participants are referred to collectively herein as “Participants”. DTC is rated AA+ by Standard and Poor’s. 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.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for such purchases on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the 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 Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Obligations, except in the event that use of the book-entry system described herein is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Obligations within a maturity in the series are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Obligations 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 City and the Paying Agent/Registrar, on 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, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, 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 City and the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and reimbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

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

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Obligations 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 Obligations 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 Obligations, 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 Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry 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 City or the Initial Purchasers.

PAYING AGENT/REGISTRAR

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In each Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations of either series are duly paid and any successor Paying Agent/Registrar must be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations of either series. Upon any change in the Paying Agent/Registrar for the Obligations, the City will promptly cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice will also include the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION

In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange will 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. Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the corporate trust 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 Obligations issued in an exchange or transfer of Obligations 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 Obligations 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 Bonds or Certificates registered and delivered in an exchange or transfer will be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Obligations surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar will be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer will not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation.

RECORD DATE FOR INTEREST PAYMENT

The record date ("Record Date") for determining the person to whom the interest is payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (a "Special Payment Date," which will be 15 days after the Special Record Date) will be sent at least five days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the day next preceding the date of mailing of such notice.

DEFEASANCE

The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agency, in trust (1) money sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Obligations. The Ordinances provide that "Defeasance Securities" means (a) direct, noncallable 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 of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (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 rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any securities and obligations now or hereafter authorized by Texas law that are eligible to refund, retire or otherwise discharge obligations such as the Obligations. In the Ordinances, the Pricing Officer is authorized to restrict such eligible securities and obligations as deemed appropriate to accommodate requests from potential investors. The City has additionally reserved the right, subject to satisfying the requirement of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvestment the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

REMEDIES OF HOLDERS OF OBLIGATIONS

The Ordinances establish specific events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations of the City, the failure to perform which materially, adversely affects the rights of the owners of the Obligations including but not limited to, their prospect or ability to be repaid in accordance with the Ordinances, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the City, the Ordinances provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, so rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of either series of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken of the initiative of, and be financed by, the registered owners of the Obligations. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, registered owners of either series of the Obligations may not be able to bring such a suit against City for breach of the Obligations of covenants contained in either Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Chapter 1371 of the Texas Government Code, which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Obligations, but the City has not waived sovereign immunity.

The City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or registered owners of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors, principles of sovereign immunity and by general principles of equity which permit the exercise of judicial discretion.

TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the City is the responsibility of the Brazos 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 Title 1, Texas Tax Code (referred to herein as 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 the 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 property's market value in the most recent tax year in which the market value was determined by the Appraisal District or (2) the sum of (a) 10% of the property's appraised value for the preceding tax year, (b) the appraised value of the property for the preceding tax year and (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 City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to 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.

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; (2) An exemption to the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (3) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is \$5,000. In addition State law mandates a complete exemption for the residential homestead of disabled veterans determined to be 100% disabled by the U.S. Department of Veterans Affairs. Further, the surviving spouse of a deceased veteran who had received a disability rating of 100% is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

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. Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as (i) personal property acquired or imported into the State and transported to another location inside or outside the State, (ii) stored under a contract for bailment in public warehouses not in any way owned or controlled by the owner of the stored goods, and (iii) transported to another location inside or outside the State within 175 days of the date the property was acquired or imported into the State. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. On December 8, 2011, the Council passed an ordinance approving taxation on certain goods-in-transit. After taking such official action, the goods-in-transit remain subject to taxation by the taxing unit until the governing body of the taxing unit rescinds or repeals its previous action to tax goods-in-transit. If, however, a taxing unit took official action prior to October 1, 2011 to tax goods-in-transit and pledged the taxes imposed on the goods-in-transit for the payment of a debt, taxes may continue to be imposed on goods-in-transit until the debt is discharged, if cessation of the imposition of the tax would impair the obligation of the contract by which the debt was created.

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 owned as nonbusiness property are exempt 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.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones within the City, 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. The City 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 City 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. See “- TAX ABATEMENT POLICY” for a discussion of the City’s economic development guidelines and criteria.

CONSTITUTIONAL AMENDMENT

In a statewide election held on September 13, 2003, voters approved an amendment to Section 1-b, Article VIII of the Texas Constitution, that authorized a county, city, town or junior college district to establish an ad valorem tax freeze on residence homesteads of the disabled and of the elderly and their spouses. City Council did not take action to establish the tax limitation. Voters within the City were authorized to submit a petition signed by five percent of the registered voters of the City requiring the City Council to call an election to determine by majority vote whether to establish the tax limitation.

A petition was submitted and an election was held on May 10, 2008. The voters of College Station voted to approve the ad valorem tax freeze. The City can provide no assurances of the impact, if any, implementation of this ad valorem tax freeze may have on the City’s finances.

Under the tax freeze, the total amount of ad valorem taxes imposed by the City on a homestead that receives the exemption may not be increased while it remains the residence homestead of that person or that person's spouse who is disabled or sixty-five years of age or older, except to the extent the value of the homestead is increased by improvements other than repairs. If a disabled or elderly person dies in a year in which the person received a residence homestead exemption, the total amount of ad valorem taxes imposed on the homestead by the taxing unit may not be increased while it remains the residence homestead of that person's surviving spouse if the spouse is fifty-five years of age or older at the time of the person's death. In addition, the Texas Legislature by general law may provide for the transfer of all or a proportionate amount of the tax limitation applicable to a person's homestead to be transferred to the new homestead of such person if the person moves to a different residence within the taxing unit. Once established, the governing body of the taxing unit may not repeal or rescind the tax limitation.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By the later of September 27th or 60 days after the certified appraisal roll is delivered to the City, the City Council adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its “effective tax rate” and “rollback tax rate”. A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearing (including the requirement that notice be posted on the City’s website if City owns, operates or controls an internet website and public notice be given by television if the City has a free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City 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 the 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 City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process that uses pricing information contained in the most recent published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 15 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 before February 15 of each year and the final installment due before August 15.

PENALTIES AND INTEREST

Charges for penalties 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, an amount up to 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 City’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.

CITY APPLICATION OF PROPERTY TAX CODE

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000. The City has not granted an additional exemption of 20% of the market value of residence homesteads. Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt. The City does not tax nonbusiness personal property. The City does permit split payments, but discounts are not allowed. The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes. The City has adopted a tax abatement policy (see "TAX INFORMATION - TAX ABATEMENT POLICY"). An election was held on May 10, 2008 and the voters of College Station approved the ad valorem tax freeze for residential homesteads for disabled and age 65 or older persons. Brazos County collects the taxes for the City.

TAX ABATEMENT POLICY

The City has established tax abatement guidelines and criteria for economic development prospects in the City. In order to be eligible for designation as a Reinvestment Zone and receive tax abatement, the planned improvement:

1. Must be expected to have an increased appraised ad valorem tax value of at least \$1,000,000 based upon the Brazos Central Appraisal District's assessment of the eligible property.
2. Must be expected to prevent the loss of payroll or retain, increase or create a payroll on a permanent basis in the City.

The following factors among others should be considered in determining whether to grant tax abatement and, if so, the percentage of value to be abated and the duration of the tax abatement:

1. Value of land and existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number of type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether persons residing or projected to reside within the City will have the opportunity to fill the new jobs being created;
8. Amount of local taxes to be generated directly;
9. Amount of property tax base valuation which will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000;
10. The costs to be incurred by the City to provide facilities or services directly resulting from the new improvements;
11. The amount of ad valorem taxes to be paid to the City during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the value after expiration of the abatement period;
12. The population growth of the City that occurs directly as result of new improvements;
13. The types of public improvements, if any, to be made by the applicant seeking abatement;
14. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
15. The impact on the business opportunities of existing businesses;
16. The attraction of other new businesses to the area;
17. The overall compatibility with the zoning ordinances and comprehensive plan for the area; and/or
18. Whether the project is environmentally compatible with no negative impact on quality of life perceptions.

Neither a Reinvestment Zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government service or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public safety, health or morals;
4. Violation of other code or laws;
5. The agreement was signed after the commencement of construction, alteration or installation of improvements related to the project; or
6. Any other reason deemed appropriate by the City Council

ECONOMIC DEVELOPMENT

In the fall of 2013, the College Station City Council adopted an Economic Development Master Plan. This document represents the City's first such effort and joins the many other Master Plans, Neighborhood, Corridor, and District Plans created to aid in successful implementation of the Comprehensive Plan. The Master Plan defines the goals and objectives of the City's economic development efforts and lays out strategies and detailed actions to achieve these goals and objectives. The plan specifically identified six strategic initiatives that the City's economic development program area should focus its efforts on: sustain and enhance high quality of life; support and partner with Texas A&M University and the Texas A&M University System; support retail development; support and stimulate biotechnology research and advanced manufacturing; support and stimulate health and wellness market; and support and stimulate sports, entertainment, and hospitality market.

Furthermore, the Plan also details how the plan should be monitored and updated over time, and identifies a series of formal economic development policy guidelines that were also adopted. These guidelines state that in order to ensure the ongoing competitiveness of the community, no State authorized incentive should immediately be discounted. The Texas Constitution and multiple State statutes identify the role of economic development by both the State and its municipalities as a public purpose. While recognizing there is no standard strategy, policy, or program for economic development, the Texas Legislature has created a vast array of tools that local governments have at their disposal. The objective of these tools is to not only encourage development and diversification of the Texas economy, but to simultaneously enhance the participating community's overall quality of life. Incentives to consider may include, but not be limited to: Chapter 380 financing; development fee rebates; enterprise zone program sponsorship; Freeport exemptions; infrastructure assistance; land transactions; delayed annexation or limited purpose annexation; special districts; reinvestment zones (tax abatement or tax increment); and fast track development process.

The City and the City of Bryan, Texas have also entered into an "Interlocal Cooperation and Joint Development Agreement" (the "Interlocal Agreement") in connection with implementing a joint economic development program known as the Joint Research Valley BioCorridor Development Project (the "Project"). Under the terms of the Interlocal Agreement, the City will make funds available to the City of Bryan, and the City of Bryan will make funds available to the City, for certain defined public infrastructure projects that are intended to enhance development of the Project. The obligations of each city under the Interlocal Agreement shall not constitute a debt for purposes of any provision of the State Constitution, and are intended to be paid from the general revenues of each city.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2016/2017 Market Valuation Established by Brazos Central Appraisal District (excluding exempt property)		\$ 7,901,230,529
Less Exemptions/Reductions at 100% Market Value:		
Productivity Loss	\$ 111,870,902	
Over 65 Homestead Exemptions	89,462,038	
Community Housing Development Organization	9,383,418	
Member Armed Service Surviving Spouse	585,429	
Freeport	11,346,209	
Disabled Veteran	23,215,835	
Homestead	22,886,151	
Abatements	8,516,376	277,266,358
2016/2017 Taxable Assessed Valuation		\$ 7,623,964,171 ⁽¹⁾
Debt Payable from Ad Valorem Taxes (as of 2/15/2017)		
General Obligation Improvement Bonds, Series 2008	1,240,000	
Certificates of Obligation, Series 2008	3,705,000	
General Obligation Refunding Bonds, Series 2009	1,340,000	
Certificates of Obligation, Series 2009 ^{*(2)}	9,850,000	
General Obligation Improvement Bonds, Series 2009 ^{*(2)}	1,020,000	
General Obligation Refunding Bonds, Series 2010	16,720,000	
Certificates of Obligation, Series 2010	2,120,000	
General Obligation Improvement Bonds, Series 2010	14,340,000	
Certificates of Obligation, Series 2011	6,205,000	
General Obligation Improvement Bonds, Series 2011	225,000	
Certificates of Obligation, Series 2012	13,355,000	
General Obligation Improvement and Refunding Bonds, Series 2012	12,990,000	
Certificates of Obligation, Series 2013	8,735,000	
General Improvement and Refunding Bonds, Series 2013	15,335,000	
Certificates of Obligation, Series 2014	29,450,000	
General Improvement and Refunding Bonds, Series 2014	27,865,000	
Certificates of Obligation, Series 2016	23,675,000	
General Improvement and Refunding Bonds, Series 2016	38,420,000	
The Bonds*	24,960,000	
The Certificates ^{*(3)}	60,980,000	312,530,000
Less: Self Supporting Debt ⁽⁴⁾		\$ 140,365,000
Less: Interest and Sinking Fund as of 9/30/2016		4,793,558
Net Debt Payable from Ad Valorem Taxes		<u>\$ 167,371,442</u>
Ratio of Net Debt Payable from Ad Valorem Taxes to Taxable Assessed Valuation ⁽⁵⁾		2.20%
2017 Estimated Population - 109,857		
Per Capita Taxable Assessed Valuation - \$69,399		
Per Capita Net Funded Debt - \$1,524 ⁽⁵⁾		

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS" and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

(1) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(2) Excludes the Refunded Obligations.

(3) The debt service on a portion of the Certificates will be internally allocated by the City as being payable from the surplus revenues from the respective enterprise funds. Although the City expects to pay for this portion of the Certificates with surplus enterprise funds, the Certificates are secured solely by a pledge of ad valorem taxes and by a pledge of combined utility system surplus net revenues limited to \$1,000. See "THE OBLIGATIONS- SECURITY AND SOURCE OF PAYMENT." There is no guarantee that payments from these enterprise funds will be made. If payments are not made from the enterprise funds, the City will be required to levy ad valorem taxes in amounts sufficient to make such payments.

(4) In the past, the City has sold certificates of obligation to finance projects for the City's water and sewer system, and electric system and has internally allocated portions of this debt as payable from the respective enterprise funds. The self-supporting amounts listed above are projections of debt that is expected to be retired by the City based on actual historical payments from these funds to pay for debt service the outstanding certificates of obligation. There is no guarantee that payments from these funds will continue in the future. Includes a portion of the Obligations. See "DEBT INFORMATION - TABLE 10 - SELF SUPPORTING DEBT."

(5) Net of Interest and Sinking Fund as of September 30, 2016.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value, Fiscal Year Ending September 30,					
	2017		2016		2015	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,470,806,990	56.58%	\$ 3,942,774,761	53.35%	\$ 3,657,836,541	53.15%
Real, Residential, Multi-Family	1,275,467,653	16.14%	1,326,289,539	17.95%	1,296,417,661	18.84%
Real, Vacant Lots/Tracts	158,722,669	2.01%	142,089,823	1.92%	141,077,944	2.05%
Real, Acreage (Land Only)	87,626,228	1.11%	92,882,946	1.26%	109,675,903	1.59%
Real, Farm and Ranch Improvements	113,059,943	1.43%	108,202,479	1.46%	74,289,622	1.08%
Real, Commercial/Industrial	1,340,756,747	16.97%	1,330,864,915	18.01%	1,204,879,922	17.51%
Real, Oil, Gas & Other Mineral Reserves	5,036,746	0.06%	10,793,941	0.15%	3,227,032	0.05%
Real and Tangible Personal, Utilities	40,325,800	0.51%	30,944,850	0.42%	37,673,140	0.55%
Tangible Personal, Business	371,077,880	4.70%	369,625,180	5.00%	330,937,290	4.81%
Tangible Personal, Other	1,988,130	0.03%	2,024,340	0.03%	2,096,570	0.03%
Real Property Inventory	23,079,643	0.29%	17,672,671	0.24%	13,256,668	0.19%
Special Inventory	13,282,100	0.17%	15,787,080	0.21%	10,534,560	0.15%
Total Appraised Value Before Exemption	\$ 7,901,230,529	100.00%	\$ 7,389,952,525	100.00%	\$ 6,881,902,853	100.00%
Less: Total Exemptions/Reductions	277,266,358		227,214,245		227,302,019	
Taxable Assessed Value	<u>\$ 7,623,964,171</u>		<u>\$ 7,162,738,280</u>		<u>\$ 6,654,600,834</u>	

Category	Taxable Appraised Value, Fiscal Year Ending September 30,			
	2014		2013	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 3,449,698,417	53.49%	\$ 3,277,087,380	53.12%
Real, Residential, Multi-Family	1,121,645,054	17.39%	1,070,207,772	17.35%
Real, Vacant Lots/Tracts	142,441,840	2.21%	118,939,480	1.93%
Real, Acreage (Land Only)	111,056,120	1.72%	171,879,670	2.79%
Real, Farm and Ranch Improvements	76,318,782	1.18%	22,726,592	0.37%
Real, Commercial/Industrial	1,159,961,447	17.99%	1,121,943,869	18.19%
Real, Oil, Gas & Other Mineral Reserves	3,329,602	0.05%	5,391,913	0.09%
Real and Tangible Personal, Utilities	35,261,190	0.55%	35,139,050	0.57%
Tangible Personal, Business	318,648,040	4.94%	309,881,970	5.02%
Tangible Personal, Other	2,138,640	0.03%	2,217,020	0.04%
Real Property Inventory	18,049,612	0.28%	23,728,660	0.38%
Special Inventory	10,293,530	0.16%	8,851,423	0.14%
Exempt Property Adjustment	-	0.00%	794,503	0.01%
Total Appraised Value Before Exemption	\$ 6,448,842,274	100.00%	\$ 6,168,789,302	100.00%
Less: Total Exemptions/Reductions	217,723,264		224,476,315	
Taxable Assessed Value	<u>\$ 6,231,119,010</u>		<u>\$ 5,944,312,987</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Brazos 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	Estimated	Taxable Assessed	Taxable Assessed	Net G.O.	Ratio of Net G.O. Tax Debt to Taxable Assessed	Net G.O. Tax Debt
9/30	Population ⁽¹⁾	Valuation ⁽²⁾	Per Capita	Tax Debt ⁽³⁾	Valuation ⁽⁴⁾	Per Capita
2012	96,603	\$ 5,738,615,002	\$ 59,404	\$ 96,390,000	1.68%	\$ 998
2013	97,534	5,944,312,987	60,946	96,750,000	1.63%	992
2014	99,918	6,231,119,010	62,362	88,100,000	1.41%	882
2015	102,117	6,654,600,834	65,166	101,630,000	1.53%	995
2016	106,465	7,162,738,280	67,278	118,350,000	1.65%	1,112
2017	109,936	7,623,964,171 ⁽⁴⁾	69,349	172,165,000 ⁽⁵⁾	2.26% ⁽⁵⁾	1,566 ⁽⁵⁾

(1) Source: The City.

(2) As reported by the Brazos Central Appraisal District; subject to change during the ensuing year.

(3) Payable from ad valorem taxes. Does not include self-supporting debt.

(4) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal District. This amount is subject to change during ensuing year.

(5) Projected, includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	\$0.4380	\$ 0.2365	\$ 0.2015	\$ 24,979,685	99.13%	100.09%
2013	0.4307	0.2351	0.1956	25,503,096	99.31%	100.30%
2014	0.4260	0.2329	0.1931	26,407,915	99.26%	100.15%
2015	0.4525	0.2594	0.1931	29,803,314	98.70%	99.17%
2016	0.4525	0.2594	0.1931	32,065,351	98.95%	100.03%
2017	0.4725	0.2772	0.1953	36,653,864	89.62% ⁽¹⁾	89.70% ⁽¹⁾

(1) Collections as of March 15, 2017. A portion of the City's taxpayer base has elected to provide split payments to the City which will be due in part on June 30, 2017.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2016/2017 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
CPP College Station I LLC	Apartments	\$ 61,727,000	0.81%
College Station Hospital L.P.	Medical	57,451,650	0.75%
Post Oak Mall - College Station, LLC	Retail	57,260,420	0.75%
Woodridge College Station Phase II LLC	Retail	54,965,810	0.72%
SHP - The Callaway House LP	Apartments	53,134,907	0.70%
Woodridge College Station Phase I LLC	Retail	52,800,680	0.69%
Midway Hospitality LP	Retail	51,395,920	0.67%
Culpepper Family L.P.	Housing	47,459,390	0.62%
Southwest Meadows Point LP	Apartments	45,867,137	0.60%
TAM The Rise Property LLC	Apartments	45,454,261	0.60%
		<u>\$ 527,517,175</u>	<u>6.92%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE OBLIGATIONS - TAX RATE LIMITATION").

TABLE 6 - TAX ADEQUACY

Net Maximum Tax Supported Principal and Interest Requirements (2018).....	\$ 19,357,252 ⁽¹⁾
\$0.25647 Tax Rate at 99% Collection Produces	\$ 19,357,649
Net Average Tax Supported Principal and Interest Requirements (2017-2037).....	\$ 12,223,259 ⁽¹⁾
\$0.16195 Tax Rate at 99% Collection Produces	\$ 12,223,540

(1) Includes the Obligations and excludes the Refunded Obligations and self supporting debt. Interest has been estimated for the purpose of illustration. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed by the City from information obtained from the Brazos Central Appraisal District. Except for the amounts relating to the City, the City 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 debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

	2016/2017 Taxable	2016	Total	Estimated	City's
	<u>Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Debt as</u>	<u>%</u>	<u>Overlapping</u>
			<u>of 2/15/2017</u>	<u>Applicable</u>	<u>Tax Debt as</u>
					<u>of 2/15/2017</u>
City of College Station	\$ 7,623,964,171 ⁽¹⁾	0.4525	\$ 172,165,000 ⁽²⁾	100.00%	\$ 172,165,000
Brazos County	14,622,516,371	0.4850	85,435,000	47.07%	40,214,255
Bryan ISD	6,307,403,104	1.3500	231,015,000	2.05%	4,735,808
College Station ISD	7,951,667,826	1.3960	377,605,000	88.50%	334,180,425
Total Direct and Overlapping Funded Tax Debt					\$ 551,295,487
Ratio of Direct and Overlapping Funded Tax Debt to Taxable Assessed Valuation					7.231%
Per Capita Overlapping Funded Tax Debt					\$ 5,018

Source: Municipal Advisory Council of Texas.

- (1) Certified taxable assessed valuation for tax year 2016 as reported by the Brazos Central Appraisal. This amount is subject to change during ensuing year.
- (2) Projected, includes the Obligations and excludes self supporting debt. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 - PRO-FORMA AD VALOREM TAX DEBT SERVICE REQUIREMENTS*

Year End 9/30	Total Outstanding Debt	Less: The Refunded Obligations*	The Bonds*			The Certificates*			Less: Self-Supporting Debt Service ⁽²⁾	Total Net Tax Supported Debt Service Requirements ⁽²⁾
			Principal	Interest ⁽¹⁾	Total	Principal	Interest ⁽¹⁾	Total		
2017	\$ 32,270,837	\$ 206,613							\$ 16,823,045	\$ 15,241,179
2018	29,104,499	413,226	\$ 470,000	1,151,216	1,621,216	\$ 3,415,000	\$ 2,600,118	\$ 6,015,118	16,970,355	19,357,252
2019	27,459,044	413,226	560,000	1,027,813	1,587,813	2,275,000	2,232,369	4,507,369	16,232,345	16,908,654
2020	27,486,822	413,226	590,000	999,063	1,589,063	2,405,000	2,115,369	4,520,369	16,297,276	16,885,751
2021	25,867,554	413,226	615,000	968,938	1,583,938	2,525,000	1,992,119	4,517,119	15,944,825	15,610,559
2022	23,540,834	413,226	650,000	937,313	1,587,313	2,645,000	1,862,869	4,507,869	13,989,813	15,232,977
2023	22,582,261	1,799,042	1,960,000	872,063	2,832,063	2,775,000	1,727,369	4,502,369	12,872,743	15,244,908
2024	21,873,974	2,004,001	2,270,000	766,313	3,036,313	2,915,000	1,585,119	4,500,119	12,547,645	14,858,759
2025	20,168,467	2,019,380	2,400,000	649,563	3,049,563	2,790,000	1,442,494	4,232,494	12,012,744	13,418,400
2026	18,934,248	2,018,653	2,520,000	526,563	3,046,563	2,940,000	1,299,244	4,239,244	11,398,074	12,803,328
2027	16,250,603	2,022,703	2,655,000	397,188	3,052,188	3,090,000	1,148,494	4,238,494	10,038,626	11,479,956
2028	14,551,445	267,903	985,000	316,038	1,301,038	2,875,000	1,028,119	3,903,119	8,858,159	10,629,541
2029	12,249,464	266,045	1,010,000	286,113	1,296,113	2,965,000	940,519	3,905,519	7,773,058	9,411,992
2030	10,049,866	-	920,000	257,163	1,177,163	3,045,000	850,369	3,895,369	5,864,463	9,257,935
2031	8,387,955	-	950,000	228,519	1,178,519	3,145,000	755,553	3,900,553	5,652,602	7,814,425
2032	7,796,050	-	980,000	197,750	1,177,750	3,245,000	653,681	3,898,681	5,054,744	7,817,738
2033	6,383,600	-	1,015,000	165,331	1,180,331	3,350,000	546,513	3,896,513	3,891,669	7,568,775
2034	5,046,288	-	1,050,000	131,119	1,181,119	3,465,000	433,603	3,898,603	3,150,797	6,975,213
2035	1,971,625	-	1,085,000	95,091	1,180,091	3,585,000	314,634	3,899,634	1,326,772	5,724,579
2036	1,974,175	-	1,120,000	57,881	1,177,881	3,700,000	191,700	3,891,700	1,325,944	5,717,812
2037	-	-	1,155,000	19,491	1,174,491	3,830,000	64,631	3,894,631	910,103	4,159,019
	<u>\$ 333,949,608</u>	<u>\$ 12,670,470</u>	<u>\$ 24,960,000</u>	<u>\$ 10,050,529</u>	<u>\$ 35,010,529</u>	<u>\$ 60,980,000</u>	<u>\$ 23,784,884</u>	<u>\$ 84,764,884</u>	<u>\$ 198,935,800</u>	<u>\$ 242,118,751</u>

* Preliminary, subject to change. See "CONDITIONS OF SALE - ADVANCED ADJUSTMENT OF PRINCIPAL AMOUNT AND/OR TYPES OF BIDS " and " - POST BID MODIFICATION" in the Notice of Sale and Bidding Instructions.

(1) Interest has been estimated at current market rates for the purpose of illustration.

(2) In the past, the City has sold certificates of obligation to finance projects for the City's water and sewer system, and electric system and has internally allocated portions of this debt as payable from the respective enterprise funds. The self-supporting amounts listed above are projections of debt that is expected to be retired by the City based on actual historical payments from these funds to pay for debt service the outstanding certificates of obligation. There is no guarantee that payments from these funds will continue in the future. Includes a portion of the Obligations. See "TABLE 10 – SELF SUPPORTING DEBT" and the accompanying footnotes.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Total Net Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2017 ⁽¹⁾		\$ 15,241,179
Interest and Sinking Fund, September 30, 2016 ⁽²⁾	\$ 4,793,558	
Calculated Interest and Sinking Fund Tax Levy @ 99% Collection	14,743,650	
Budgeted Investment Earnings	25,000	
Budgeted Transfers	258,705	19,820,913
Estimated Balance, September 30, 2017		\$ 4,579,734

- (1) Excludes self-supporting debt. Includes the Obligations and excludes the Refunded Obligations. Preliminary, subject to change.
- (2) The outstanding portion of the Certificates of Obligation, Series 2009, supported by the Convention Center, have been paid for in full as one transfer in the amount of 157,979.48 to the Interest and Sinking Fund. That amount will be used to pay off future payments of the Certificates of Obligation, Series 2009 supported by the Convention Center.

TABLE 10 – SELF-SUPPORTING DEBT*

Year End 9/30	Electric Fund ⁽¹⁾	Wastewater Fund ⁽²⁾	Water Fund ⁽³⁾	Convention Center ⁽⁴⁾	Landfill ⁽⁵⁾	Parking Garage ⁽⁶⁾	Total Self-Supporting Debt Service ⁽⁷⁾
2017	5,821,929	4,490,350	5,671,753	43,039	325,498	470,475	16,823,045
2018	5,797,116	4,514,145	6,051,999	12,970	369,387	224,738	16,970,355
2019	5,608,726	4,211,044	5,812,685	12,493	364,923	222,475	16,232,345
2020	5,632,373	4,228,341	5,839,148	7,205	365,810	224,400	16,297,276
2021	5,610,889	4,179,499	5,781,423	7,005	366,010	-	15,944,825
2022	5,583,306	3,277,044	4,756,848	6,805	365,810	-	13,989,813
2023	5,291,351	2,934,304	4,301,023	6,580	339,485	-	12,872,743
2024	4,949,689	2,918,519	4,331,248	6,330	341,860	-	12,547,645
2025	4,643,793	2,661,714	4,357,673	6,080	343,485	-	12,012,744
2026	4,382,440	2,666,371	3,999,073	5,830	344,360	-	11,398,074
2027	3,822,527	2,449,515	3,416,519	5,580	344,485	-	10,038,626
2028	3,716,792	2,078,342	2,693,473	5,343	364,210	-	8,858,159
2029	3,261,339	1,926,744	2,211,580	5,115	368,280	-	7,773,058
2030	2,296,493	1,928,543	1,639,428	-	-	-	5,864,463
2031	2,103,384	1,909,081	1,640,138	-	-	-	5,652,602
2032	1,746,850	1,672,338	1,635,556	-	-	-	5,054,744
2033	1,196,288	1,261,681	1,433,700	-	-	-	3,891,669
2034	599,625	1,116,631	1,434,541	-	-	-	3,150,797
2035	-	337,338	989,434	-	-	-	1,326,772
2036	-	336,706	989,238	-	-	-	1,325,944
2037	-	340,653	569,450	-	-	-	910,103
	<u>\$ 72,064,909</u>	<u>\$ 51,438,900</u>	<u>\$ 68,986,477</u>	<u>\$ 130,374</u>	<u>\$ 4,603,602</u>	<u>\$ 1,142,088</u>	<u>\$ 198,935,800</u>

* Preliminary, subject to change.

- (1) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2009, Series 2010, Series 2011, Series 2012, Series 2013, Series 2014 and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, and Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (2) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2010, Series 2011, Series 2012, Series 2013, Series 2014, and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (3) Includes a portion of the City's Certificates of Obligation, Series 2008, Series 2008, Series 2009, Series 2012, Series 2013, Series 2014, Series 2016, and a portion of the General Obligation Refunding Bonds, Series 2010, General Obligation Improvement and Refunding Bonds, Series 2012, Series 2013, Series 2014, and Series 2016. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (4) Includes a portion of the City's Certificates of Obligation, Series 2009. The City has transferred to the Interest and Sinking Fund \$157,979.48 from the Convention Center fund to pay the debt service shown in this column. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (5) Includes a portion of the City's Certificates of Obligation, Series 2009. Includes a portion of the Obligations and excludes a portion of the Refunded Obligations.
- (6) Includes a portion of the City's General Obligation Refunding Bonds, Series 2009.
- (7) The debt service described in this table is general obligation debt for which repayment is provided from revenues from other sources. It is the City's current policy to provide these payments from such sources. There is no assurance that the use of these sources to make these payments will continue in the future. If payments are not made from such sources in the future, the difference will be paid for with ad valorem taxes

TABLE 11 - AUTHORIZED BUT UNISSUED TAX BONDS

Date of Authorization	Purpose	Amount Authorized	Issued To Date	The Bonds	Unissued
1/24/1984 ⁽¹⁾	Fire Substation Building	\$ 700,000	\$ -	\$ -	\$ 700,000
1/24/1984 ⁽¹⁾	Street Improvements	6,325,000	5,825,000	-	500,000
11/4/2003	Municipal Complex Improvements	7,610,000	3,955,000	-	3,655,000
11/4/2008	Street Improvements	48,785,000	35,095,000	13,690,000	-
11/4/2008	Library Improvements	8,385,000	4,685,000	3,700,000	-
11/4/2008	Park Improvements	12,790,000	12,145,000	-	645,000
		<u>\$ 84,595,000</u>	<u>\$ 61,705,000</u>	<u>\$ 17,390,000</u>	<u>\$ 5,500,000</u>

(1) Contains projects which may have been completed or abandoned; therefore, the remaining authorized but unissued bonds are not likely to ever be issued.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The City has no firm plans for the issuance of additional general obligation debt payable from ad valorem taxes within the next twelve months.

OTHER OBLIGATIONS

Currently, the City has no outstanding capital leases or loans.

PENSION FUND

The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense. (For more detailed information concerning the retirement plan, see "APPENDIX B - EXCERPTS FROM THE ANNUAL FINANCIAL REPORT" - Section V - Note D.)

The City recently received the contribution rates for Plan Year 2015 from TMRS as determined by the December 31, 2013 actuarial valuation. The City's contribution rate for January 1, 2016 will be 12.78%. On September 13, 2012, Council approved revisions to the City's TMRS Ordinance. The revisions include a reduction in the updated service credits (USC) for current employees and a reduction in the Annuity Increase Cost of Living Adjustment (COLA) for retirees. The City's contributions rate of 13.53% became effective January 1, 2014. The funding status as of December 31, 2015 is as follows:

	12/31/2015
Actuarial Value of Assets	\$ 216,491,588
Actuarial Accrued Liability (AAL)	252,321,945
Percent of Pension Benefit Obligation	85.80%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 35,830,357
Annual Covered Payroll	50,723,075
Percent of Covered Payroll	70.64%
Estimated Employer Contribution	\$ 6,736,024

OTHER POST EMPLOYMENT BENEFITS

PROGRAM DESCRIPTION . . . In addition to pension benefits, as required by state laws and defined by City policy, the City makes available postretirement medical, dental, vision, drug and life insurance benefits to all employees who meet TMRS retirement qualifications, retire from the City and who enroll themselves and their eligible dependent(s) on or before the effective date of their retirement through the City's single-employer defined benefit other post-employment benefit (OPEB) plan. The life insurance plan provides a \$10,000 fully insured death benefit coverage upon retirement which ceases upon attainment of age 65 for retirees. So long as monthly premium payments are made, the healthcare plan provides insurance to eligible retirees, their spouses and dependents through the City's group health insurance plan, which covers both active and retired members, until attainment of age 65. Benefit provisions as well as retiree premium contributions are established by management.

The City determines the employer and participant contribution rates annually based on recommendations of City staff and the City's consultant. All medical, dental, vision and drug care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Life insurance for eligible retirees is paid entirely by the City.

During fiscal year 2016, 61 former employees were covered under this arrangement, with claims less retiree contributions totaling -\$705,451.

ANNUAL OPEB COST AND NET OPEB OBLIGATION . . .The City's annual OPEB cost is based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Despite the apparent implications of the term ARC, the City is not required to contribute the ARC to the plan each year. Instead, the ARC provides a basis for evaluating whether the City's contributions for OPEB are adequate to fund the benefits during the working lifetime of current employees (i.e., the normal cost) and to amortize existing unfunded obligations (i.e., the obligations for current retirees plus that portion of the current employees' obligations that are attributed to past service) in a systematic manner over the amortization period prescribed by GASB.

The annual OPEB cost is the annual accounting expense recorded on the City's Statement of Revenues, Expenses and Changes in Net Assets and on the City's Statement of Activities. The annual OPEB cost is equal to (1) the ARC for the current fiscal year, plus (2) interest on the Net OPEB Obligation at the beginning of the year, reduced by (3) an adjustment to the ARC which is equal to an amortization of the beginning of the year Net OPEB Obligation.

	2013	2014	2015	2016
Annual Required Contribution (ARC)	\$ 1,449,844	\$ 1,449,844	\$ 1,810,895	\$ 1,910,536
Interest on Net OPEB Obligations	333,710	397,569	400,494	456,941
Adjusted to the ARC	<u>(413,492)</u>	<u>(492,618)</u>	<u>(522,847)</u>	<u>(596,541)</u>
Annual OPEB Cost	1,370,062	1,354,795	1,688,542	1,770,936
Contributions Made	<u>(92,888)</u>	<u>(406,326)</u>	<u>(434,136)</u>	<u>(705,451)</u>
Increase in net OPEB obligation	\$ 1,277,174	\$ 948,469	\$ 1,254,406	\$ 1,065,485
Net OPEB Obligation, beginning of year	6,674,204	7,951,378	8,899,847	10,154,253
Net OPEB Obligation, end of year	<u>\$ 7,951,378</u>	<u>\$ 8,899,847</u>	<u>\$ 10,154,253</u>	<u>\$ 11,219,738</u>

Three-Year Trend Information				
Fiscal Year Ended 9/30	Annual OPEB Costs	Actual Contribution Made	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation
2013	1,370,062	92,888	6.78%	7,951,378
2014	1,354,795	406,326	29.99%	8,899,847
2015	1,688,542	434,136	25.71%	10,154,253
2016	1,770,936	705,451	39.83%	11,219,738

Generally, the Net OPEB Obligation is the cumulative difference since the effective date of GASB 45 between the annual OPEB cost and the employer's contributions to the plan including the OPEB liability/(asset) at transition, if any. Whenever the City contributes an amount less than the annual OPEB cost, this shortfall will increase the City's Net OPEB Obligation.

ACTUARIAL METHODS AND ASSUMPTIONS . . . Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. GASB No. 45 calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan participants to that point. In addition, the projection of benefits for financial reporting purposes *does not* explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan participants in the future.

Actuarial calculations reflect a long-term perspective. In addition, consistent with that perspective, actuarial methods and assumptions used in developing the amounts in this report include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities.

The required contribution rates were determined as part of the October 1, 2015 actuarial valuation. Significant methods and assumptions follow:

Actuarial valuation date	10/1/2015
Asset Valuation Method:	Market
Actuarial Cost Method:	Projected Unit Credit
Actuarial Assumption:	
Investment Rate of Return*	4.50%
*Includes Inflation at:	3.50%
Projected Salary Increases	N/A
Annual Healthcare Trend Rates:	8.00% in FYE 2016 declining to 5.25% in FYE 2021
Amortization Method:	Level Dollar
Remaining Amortization Period:	30 year open period

FUNDING STATUS AND FUNDING PROGRESS . . . The Schedule of Funding Progress presents information as of the current valuation date and the two preceding valuation dates. As of the date of this financial statement, the City has had three valuations

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded Actuarial Liability (AAL)	Annual Covered Payroll (Fiscal Year)	UAAL as Percentage of Covered Payroll
10/1/2010	\$ -	\$ 9,356,116	0.00%	\$ 9,356,116	\$42,298,776	22.12%
10/1/2012	-	10,897,037	0.00%	10,897,037	44,000,000	24.77%
10/1/2014	-	15,013,856	0.00%	15,013,856	44,000,000	34.12%

There are factors that affect the ability to compare amounts reported from one actuarial valuation date to the next. The assumptions that have been changed since the previous valuation are:

- the Discount Rate has been updated to reflect changes in the allocation of assets of the employer and the expected return on such assets;
- the Assumed Per Capita Health Benefit Costs and Assumed Expenses for retirees and dependents have been updated to reflect changes in claims and expense expectations; and
- the Health Benefit Cost Trend and Expense Trend have been updated to reflect changes in short-term expectations of the annual rate of increase of the Assumed Per Capita Health Benefit Costs.

The City has had three separate valuations, one of which used the October 1, 2010 valuation date, October 1, 2012 and October 1, 2014 valuation date. The October 1, 2010 valuation date was used to develop results for the fiscal year ending September 30, 2012, the October 1, 2012 valuation date was used to develop results for the fiscal years ending September 30, 2013 and 2014. The plan was changed effective January 1, 2012 to eliminate post-65 medical coverage and was changed effective January 1, 2013 to eliminate one of the PPO benefit options. While the plan typically undergoes a biennial valuation, pursuant to paragraph 12 of GASB 45, a new valuation must be performed if there are significant changes to the plan since the previous valuation. The October 1, 2014 valuation date was used to develop results for the fiscal years ending September 30, 2015 and 2016, as part of the plan's biennial valuation.

FINANCIAL INFORMATION

TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Taxes	\$ 48,737,894	\$ 46,750,120	\$ 41,951,522	\$ 39,654,465	\$ 37,527,211
Licenses & Permits	2,132,802	1,500,777	1,424,598	1,238,967	1,496,424
Intergovernmental	1,373,950	355,083	189,103	469,783	520,948
Charges for Services	3,809,206	3,572,684	2,987,778	2,605,519	2,296,105
Fines, Forfeits and Penalties	3,255,051	2,693,647	3,038,926	3,252,418	3,636,209
Investment Income	148,302	116,074	66,264	88,198	88,684
Rents & Royalties	187,328	136,228	542,816	650,407	686,729
Contributions	8,880	1,251	11,016	56,990	20,168
Other	434,537	3,252,310	113,802	212,349	287,796
Total Revenues	\$ 60,087,950	\$ 58,378,174	\$ 50,325,825	\$ 48,229,096	\$ 46,560,274
Expenditures:					
General Government	\$ 5,524,471	\$ 4,853,358	\$ 5,108,448	\$ 3,825,760	\$ 4,189,987
Fiscal Services	3,733,550	3,314,990	3,029,566	2,970,342	2,871,677
Police Department	20,170,450	18,533,889	17,080,568	16,515,820	15,465,837
Fire Department	16,916,819	14,881,983	13,585,022	13,297,527	12,578,396
Planning & Development Services	3,243,768	3,106,143	2,867,857	3,505,029	3,523,742
Parks and Recreation	9,279,126	8,194,670	4,596,645	4,463,535	4,329,869
Information Technology	4,491,009	4,112,987	4,207,305	4,271,209	3,844,107
Public Works	11,162,508	9,156,069	7,611,303	6,519,248	5,884,577
Library Services	1,098,326	1,138,568	1,078,851	994,476	1,072,551
Claims		-	-	-	-
Contributions	1,220,251	1,187,500	1,184,115	1,086,012	937,813
Other	863	217,114	222,034	1,300,627	183,530
Capital Improvement Projects	667,574	129,896	731,621	733,974	788,032
Total Expenditures	\$ 77,508,715	\$ 68,827,167	\$ 61,303,335	\$ 59,483,559	\$ 55,670,118
Other Financing Sources (Uses):					
Sale of General Fixed Assets	\$ -	\$ 8,974,205	\$ 4,582,111	\$ -	\$ -
Operating Transfers In	16,507,346	15,094,866	15,158,581	14,664,450	15,539,293
Operating Transfers Out	(2,376,443)	(11,441,262)	(4,444,465)	(3,977,149)	(4,329,789)
Total Other Financing Sources (Uses)	\$ 14,130,903	\$ 12,627,809	\$ 15,296,227	\$ 10,687,301	\$ 11,209,504
Net Change in Fund Balance	\$ (3,289,862)	\$ 2,178,816	\$ 4,318,717	\$ (567,162)	\$ 2,099,660
Fund Balance, Beginning of Year	22,423,064	20,244,248	15,925,531	16,492,693	14,393,033
Fund Balance, End of Year	\$ 19,133,202	\$ 22,423,064	\$ 20,244,248	\$ 15,925,531	\$ 16,492,693

Source: The City's audited financial statements.

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas, Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. 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 City monthly. In May 1990, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for property tax reduction. The total sales tax rate for the City is 1.5%.

Fiscal Year Ended	Total Collected ⁽¹⁾	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita ⁽²⁾
9/30				
2010	\$ 19,328,577	81.82%	\$ 0.36	\$ 206
2011	20,292,871	83.49%	0.37	214
2012	21,498,319	85.84%	0.38	220
2013	23,064,035	90.38%	0.39	236
2014	24,565,649	92.97%	0.40	245
2015	26,687,963	89.55%	0.41	261
2016	27,163,480	84.71%	0.38	255

(1) Provided by the City.

(2) Based on population estimates provided by the City.

FINANCIAL POLICIES

Basis of Accounting . . .The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Government funds are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund . . . The General Fund is the City's primary operating fund. It is used to account for all activities typically considered governmental functions of the City. These include Public Safety, Public Works, Parks and Recreation, Economic and Planning and Development Services, the support functions for these areas, and the administrative functions for the City.

The General Fund for the 2016-2017 fiscal year is influenced by current policies and any approved policy changes. The policies include inter-fund equity; maintaining a balance between revenues and expenditures; and maintaining the level of service currently provided as the City experiences residential and commercial growth.

The City's financial policies are for a General Fund balance of 15% of budgeted appropriations at year end. To the extent that the General Fund balance exceeds this amount, this surplus is to be expended in future years for one time expenditures such as capital items and short term projects.

Debt Service Fund . . .The Debt Service Fund accounts for the servicing of general long-term debt not being financed by proprietary or nonexpendable trust funds. It is the City's policy to maintain at least 8 1/3% of annual appropriated expenditures for debt service and any associated fees as the Debt Service Fund balance at fiscal year end. The City is in compliance with that policy.

Budgetary Procedures . . .Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them. All budget requests are compiled by the Finance Department and presented with comparative and supporting data to the Mayor and City Council for review. Public hearings are properly advertised and conducted at City Hall for taxpayer comments. Prior to September 27, the budget is legally enacted through passage of an ordinance. The City Council must approve all transfers of budgeted amounts between departments within any fund and any revision that alters the total expenditure of any fund. An amount is also budgeted each year for contingencies which may arise.

THE COMBINED UTILITY SYSTEM

WATERWORKS SYSTEM

Since December 1981, the City has had the capability to produce and deliver 100% of its water. The system has been expanded to a system of nine wells, with a combined capacity of 29 million gallons per day. The water is delivered to the distribution system by 14 miles of 30-inch diameter and 36 inch diameter pipeline and two pumping stations. These pipelines will be fully redundant once TxDoT completes the Villa Maria / 2818 overpass and the City completes the pipeline re-routing necessary to accommodate the overpass.

Two of the wells mentioned above are shallow wells, less than 1,500 feet, drilled into the Carrizo and Sparta aquifers. The remaining six are deep wells, approximately 3,000 feet, drilled in the Simsboro Sand formation of the Carrizo-Wilcox aquifer. This is a very prolific aquifer of high quality water that has the capacity to provide an adequate water supply for the City and surrounding communities through the year 2060, and well beyond, if managed properly.

The Simsboro Sand, and all local aquifers, are regulated by the Brazos Valley Groundwater Conservation District, and permitting requirements have been implemented for all new water wells. College Station has obtained a Drilling/Operating Permit from the Groundwater District for the City to drill another Simsboro Well, Well #9, which will be designed in FY-16 and constructed in FY-17. This well will meet our projected demands for water for many years into the future. Well #10 remains in the planning stages, and would be constructed in approximately 2021, depending upon the rate of growth of water demands. College Station is also investigating other water supply strategies for the future. The prime example is Aquifer Storage and Recovery (ASR), which would store treated wastewater effluent in an aquifer for future use, most likely during summer peaks. If implemented, this ASR system would greatly reduce the demand on the drinking water system and ensure a very stable water supply for the City.

The City has completed a Water Reclamation project, which pumps effluent from the wastewater treatment plant up to Veteran's Park for irrigation of playing fields, reducing the demand on the potable water system by approximately 350,000 gallons per day. Additional phases of the reclaimed water system are in the planning stages. In March 2016, the City completed a two year agreement with an oil company, which provided the City with \$470,000 of revenue for providing just under 200 million gallons of reclaimed water.

The City also has stand by generators at strategic locations sufficient to provide adequate potable water for health and safety during and extended electrical power outage.

Water rates were established by ordinance, passed and approved by the City Council, and became effective October 1, 2010. The Residential rates are inclined block rates to encourage water conservation.

Type of Customer	Usage Charge (per 1,000 gallons)	Service Charge	Meter Size
Residential, Commercial and Industrial		\$ 10.19 per mo.	5/8"
		10.19 per mo.	3/4"
		12.78 per mo.	1"
		19.03 per mo.	1 1/2"
		30.05 per mo.	2"
		94.84 per mo.	3"
		140.90 per mo.	4"
		171.53 per mo.	6"
Residential	\$2.26 for usage from 0-10,000 gallons		
	\$2.94 for usage from 11,000-15,000 gallons		
	\$3.61 for usage from 16,000-20,000 gallons		
	\$4.28 for usage from 21,000-25,000 gallons		
	\$4.96 for usage from 26,000 gallons and more		
Commercial and Industrial	\$2.49 per 1,000 gallons		
Commercial Irrigation Usage Charge	\$2.68 per 1,000 gallons		

WASTEWATER SYSTEM

The City’s waste water is treated by three City-owned wastewater treatment plants, Carter Creek Treatment Plant, Lick Creek Treatment Plant, and Carter’s Lake Treatment Plant located within the City limits. The three plants have a combined treatment capacity of 11.5 mgd as compared to average current average daily demand of 7.0 mgd. The treatment plant’s capacity is adequate to serve a population estimated at 125,000.

Sewer rates were established by ordinance, passed and approved by the City Council, and became effective on October 1, 2016.

Residential (metered water)	\$20.28 including 4,000 gallons of metered water
Usage Charge	\$4.06 per 1,000 gallons of additional metered water
	\$44.64 maximum per month
Residential (without meter to each unit).....	\$25.80 per unit per month
Commercial and Industrial.....	\$17.40 per month
Usage Charge	\$4.83 per 1,000 gallons of metered water usage

There are 2,003 city residents who receive their water from Wellborn Water, but sewer is provided by the City of College Station. Those residents pay an initial usage charge of \$44.64 per month. After six months of documented waste water usage, rates can be adjusted downward on a tiered scale.

ELECTRIC SUPPLY SOURCE

The City has multiple Power Purchase Agreements (PPAs) in order to meet its load requirements. The PPAs are currently with AEPEP (AEP Energy Partners) and Garland Power and Light (GP&L). With AEPEP, the City has fixed block ATC PPA that expires in 2027. This fixed block ATC PPA replaced a unit contingent PPA with AEPEP in 2015. The City also has a PPA with AEPEP for wind power that expires on 2028. The City has a load following PPA with GP&L. While the PPAs with AEPEP are considered base load power, the load following PPA with GP&L covers the load above the base power provided by AEPEP's PPAs. Other wholesale/power supply costs include congestion costs, Ancillary Services and Transmission Cost of Service (TCOS). Since the City owns transmission assets it not only pays but also receives TCOS payments based on TCOS rates approved by the Public Utility Commission of Texas.

On January 1, 2015, the City began a three-year contract (with a possible two-one year extensions) with Garland Power and Light (GPL) for Qualified Scheduling Entity (QSE) services and a two year load following contract for power above the contracted resources from AEPEP. GP&L's QSE schedules and settles all the contract resources owned by the City. On City's advice the QSE also procures any replacement power as needed on behalf of the City.

The City's owns 20 miles of 138kV transmission lines, seven substations, and 458 miles of distribution lines. ERCOT serves as the RTO/ISO for the area.

The current electric rates were established by ordinance passed and approved by the City Council and became effective on October 1, 2016. The electric rates are subject to a transmission delivery adjustment (TDA) charge which requires that the net energy charge per kilowatt hour must be increased or decreased by an amount per kilowatt hour equal to additional transmission charges above those accounted for in the wholesale rate. The TDA is currently set at \$0.005 per kilowatt hour of energy consumed.

In January 2009, College Station Utilities began offering residential electric customers renewable wind energy. In February 2010, the renewable wind energy program was expanded to include commercial customers. Wind energy is generated from the South Trent Mesa Wind Project located west of Abilene, Texas.

Single Family Residential.....	Service Charge	\$7.00 per month
	plus:	
	kwhrs (May through October)	\$0.1169 per kwhr
	kwhr (November through April)	\$0.1123 per kwhr
	Tax	1.50%
	Transmission Delivery Adjustment (TDA).....	0.50%
Master Metered Multiple Dwelling Units.....	Service Charge.....	\$100.00 per month per master meter
	plus:	
	kwhrs (May through October).....	\$0.1181 per kwhr
	kwhr (November through April)	\$0.1134 per kwhr
	Tax	1.50%
	TDA	Calculated as needed
Small Commercial (1-10 KW demand)	Service Charge.....	\$9.00 per month
	plus:	
	First 1,000 kwhrs	\$0.1344 per kwhr
	Over 1,000 kwhrs	\$0.1028 per kwhr
	Tax	8.25%
	TDA	0.50%
Medium Commercial (15-300 KW).....	Service Charge.....	\$25.00 per month
	plus:	
	Demand Charge (Per KW)	\$10.40 per KW
	Energy Charge All kwhrs	\$0.0729 per KW
	Minimum Monthly Charge.....	\$181.00
	Tax	8.25%
	TDA	0.50%
Large Commercial (300 – 1,500 KW)	Service Charge.....	\$75.00 per month
	plus:	
	Demand Charge (Per KW)	\$10.40 per KW
	Energy Charge All kwhrs	\$0.0703 per KW
	Minimum Monthly Charge.....	\$3,195.00
	Tax	8.25%
	TDA	0.50%
Industrial (1,500 KW and over).....	Service Charge	\$250.00 per month
	plus:	
	Demand Charge (Per KW).....	\$9.85
	Energy Charge (first 500,000 kwhrs).....	\$0.0689 per KW
	Minimum Monthly	\$15,034.85
	Tax	8.25%
	TDA.....	Calculated as needed

WIND WATT RATES

Wind rates were established by Ordinance #2012-3397 on February 23, 2012, passed and approved by the City Council, and became effective on March 1, 2012.

Participation Level: Residential & Commercial

10%	\$0.0005 per KW
50%	\$0.0025 per KW
100%	\$0.005 per KW

TABLE 14 - HISTORICAL UTILITY USERS (UNITS SERVED)

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Water	41,709	41,540	40,768	40,767	39,338
Wastewater	40,866	40,806	39,128	38,608	36,908
Electric	40,141	43,471	38,198	38,456	39,123

TABLE 15 - TEN LARGEST UTILITY CUSTOMERS

Utility Customer	Type of Business	FY 2016 KWH Consumption	Total Percent of KWH Consumed
City of College Station	Municipality	37,339,910	4.49%
CSISD	School	24,218,968	2.91%
Scott & White Hospital & Clinic	Hospital/Clinic	21,798,706	2.62%
Texas A&M	University	12,955,204	1.56%
CBL & Associates	Retail Mall	9,273,940	1.12%
College Station Medical Center	Hospital	9,053,162	1.09%
Wal-Mart	Retail	8,805,600	1.06%
HEB Grocery	Retail Grocery	8,549,280	1.03%
Pandemic Influenzal Vaccine	Medical	8,338,900	1.00%
Dealer Computer Services Inc	Retail	4,776,800	0.57%
		<u>145,110,470</u>	<u>17.45%</u>

TABLE 16 - CONDENSED STATEMENT OF OPERATIONS

	For Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Revenues:					
Electric	\$ 98,904,688	\$ 98,763,293	\$ 95,677,765	\$ 92,892,541	\$ 94,396,234
Water and Wastewater	29,484,851	28,732,968	27,550,262	29,018,108	27,652,449
Interest	346,312	180,423	116,433	170,062	136,974
Other	<u>3,636,420</u>	<u>3,546,138</u>	<u>2,890,061</u>	<u>3,670,710</u>	<u>2,857,223</u>
Total Revenues	\$ 132,372,271	\$ 131,222,822	\$ 126,234,521	\$ 125,751,421	\$ 125,042,880
Expenses:					
Total Expenses	<u>\$ 76,771,094</u>	<u>\$ 82,079,813</u>	<u>\$ 100,235,329</u>	<u>\$ 90,519,871</u>	<u>\$ 88,927,662</u>
Net Available for Debt Service	<u>\$ 55,601,177</u>	<u>\$ 49,143,009</u>	<u>\$ 25,999,192</u>	<u>\$ 35,231,550</u>	<u>\$ 36,115,218</u>
Water (Units Served)	41,709	41,540	40,768	40,767	39,338
Wastewater (Units Served)	40,866	40,806	39,128	38,608	36,908
Electric (Units Served)	40,141	43,471	38,198	38,456	39,123

TABLE 17 – VALUE OF THE SYSTEM

	Fiscal Year Ended September 30,				
	2016	2015	2014	2013	2012
Utility Systems	\$ 527,435,531	\$ 507,758,485	\$ 459,071,713	\$ 446,518,318	\$ 435,064,838
Construction in Progress	23,520,025	13,213,020	43,281,736	36,982,355	20,430,326
	<u>\$ 550,955,556</u>	<u>\$ 520,971,505</u>	<u>\$ 502,353,449</u>	<u>\$ 483,500,673</u>	<u>\$ 455,495,164</u>
Less: Accumulated Depreciation	213,325,487	198,339,390	183,756,067	171,069,875	158,428,406
Net System Value	<u>\$ 337,630,069</u>	<u>\$ 322,632,115</u>	<u>\$ 318,597,382</u>	<u>\$ 312,430,798</u>	<u>\$ 297,066,758</u>

TABLE 18 – CITY’S EQUITY IN THE SYSTEM

	Fiscal Year Ended September 30,				
<u>Resources</u>	2016	2015	2014	2013	2012
Net System Value	\$ 337,630,069	\$ 322,632,115	\$ 318,597,382	\$ 312,430,798	\$ 297,066,758
Current Assets	63,085,837	52,023,881	42,939,476	59,428,776	53,031,034
Restricted Assets	21,849,829	19,977,038	27,760,893	5,757,167	10,143,761
Other Resources	-	-	0	120,000	120,000
Deferred Charges	5,425,502	2,381,933	1,305,356	1,665,943	780,390
Total	<u>\$ 427,991,237</u>	<u>\$ 397,014,967</u>	<u>\$ 390,603,107</u>	<u>\$ 379,402,684</u>	<u>\$ 361,141,943</u>
<u>Obligations</u>					
Current Liabilities	\$ 9,511,319	\$ 13,688,841	\$ 19,092,357	\$ 23,329,045	\$ 17,180,367
Current Liabilities Payable from					
Restricted Assets	15,462,903	10,735,825	7,292,731	7,190,577	13,474,895
General Obligation Debt	55,626,759	43,175,000	47,995,000	36,930,000	30,675,000
Certificates of Obligation	78,814,496	83,445,000	87,210,000	66,695,000	55,865,000
Revenue Bond Debt	-	13,395,000	14,920,000	34,765,000	41,505,001
Other Debt ⁽¹⁾	9,418,425	8,593,734	9,385,034	4,825,184	4,561,927
Total Liabilities	<u>\$ 168,833,902</u>	<u>\$ 173,033,400</u>	<u>\$ 185,895,122</u>	<u>\$ 173,734,806</u>	<u>\$ 163,262,190</u>
City's Equity in System	\$ 259,157,335	\$ 223,981,567	\$ 204,707,985	\$ 205,667,878	\$ 197,879,753
Percentage of Equity in System	60.55%	56.42%	52.41%	54.21%	54.79%

(1) Includes OPEB Net Pension Obligations.

TABLE 19 – UTILITY REVENUE BOND AND SYSTEM SUPPORTED CERTIFICATE DEBT SERVICE

Series	Original Principal Amount	Outstanding Principal as of 9/30/2017
2008 ⁽²⁾	15,925,000	3,045,000
2009 ⁽²⁾	19,490,000	8,465,000
2010 ⁽²⁾	2,850,000	2,240,000
2010 ⁽¹⁾⁽³⁾	25,905,000	14,965,000
2011 ⁽²⁾	7,920,000	6,520,000
2012 ⁽²⁾	16,415,000	14,035,000
2012 ⁽¹⁾⁽³⁾	9,570,000	6,110,000
2013 ⁽²⁾	10,230,000	9,120,000
2013 ⁽¹⁾⁽³⁾	6,255,000	4,870,000
2014 ⁽²⁾	23,555,000	21,750,000
2014 ⁽¹⁾⁽³⁾	14,455,000	11,385,000
2016 ⁽²⁾	7,250,000	7,250,000
2016 ⁽¹⁾⁽³⁾	18,710,000	18,710,000
2017 ⁽²⁾	12,880,000	12,880,000 *
2017 ⁽¹⁾⁽³⁾	5,670,000	5,670,000 *
	<u>\$ 197,080,000</u>	<u>\$ 147,015,000</u>

* Preliminary, subject to change. Includes a portion of the Obligations and excludes the Refunded Obligations.

(1) Represents refunding bonds.

(2) Certificates of Obligation supported in whole or in part by Utility System revenues.

(3) General Obligation Improvement Bonds supported in part by the Utility System revenues.

INVESTMENTS

The City 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 City's investment policies are subject to change.

LEGAL INVESTMENTS

Under State 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 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 of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (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 and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that 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 City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted, at least annually, by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) 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; (10) commercial paper 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 bank organized and existing under the laws of the United States or any state; (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio 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; (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; 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; provided, however, that the City is not authorized to invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in such no-load mutual funds, and (13) for bond proceeds, guaranteed investment contracts that have a defined termination date, are secured by obligations of the United States or its agencies and instrumentalities in an amount equal to the amount invested under the contract, and are pledged to the City and deposited with the City or a third party selected and approved by the City.

The City is also authorized to invest its funds through an eligible investment pool if the governing body of the City by rule, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. To be eligible to receive funds from and invest funds on behalf of the City, an investment pool must furnish to the investment officer or other authorized representative of the City an offering circular or other similar disclosure instrument that contains, at a minimum, the following information: (1) the types of investments in which money is allowed to be invested; (2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool; (3) the maximum stated maturity date any investment security within the portfolio has; (4) the objectives of the pool; (5) the size of the pool; (6) the names of the members of the advisory board of the pool and the dates their terms expire; (7) the custodian bank that will safekeep the pool's assets; (8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation; (9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment; (10) the name and address of the independent auditor of the pool; (11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool; and (12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios.

Governmental bodies in the State are authorized to implement 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) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than “A” or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body 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; and (iv) the agreement to lend securities has a term of one year or less.

The City 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 City 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 City is required to invest its funds under 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 City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City 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, City 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 City will submit an investment report detailing (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value and ending market value for each pooled fund group, (4) the book value and market value of each separately listed asset at the 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 City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS

Under Texas law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) 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; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’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; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the Finance Director, Treasurer, Assistant City Manager and investment officers; (6) 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; (7) restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (9) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

Under Texas law, the City may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance or resolution. The City has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

CITY’S INVESTMENT POLICY

The Assistant City Manager or his designee will promptly cause all City funds to be deposited with the bank depository and invested in accordance with the provisions of the current Bank Depository Agreement or in any negotiable instrument that the City Council has authorized under the provisions of the PFIA, as amended, and in accordance with the City Council approved Investment Policies.

At the end of each fiscal year, a report on investment performance will be provided to the City Council. In conjunction with the quarterly financial report, the Assistant City Manager or his designee will prepare and provide a written recapitulation of the City’s investment portfolio to the Council, detailing each City investment instrument with its rate of return and maturity date.

The City’s adopted investment policy permits the City to invest its funds and funds under its control in all of the enumerated investments authorized by the PFIA.

TABLE 20 - CURRENT INVESTMENTS

As of February 28, 2017, the City’s investable funds were invested in the following categories:

<u>Investment Type</u>	<u>Book Value</u>	<u>Market Value</u>
Cash	\$ 5,000,000	\$ 5,000,000
Certificate Of Deposit	7,065,359	7,065,359
Local Government Investment Pool	8,105,929	8,105,929
Money Market Mutual Fund	167,886,559	167,886,559
US Agencies and Securities	14,000,000	13,979,380
	<u>\$ 202,057,847</u>	<u>\$ 202,037,227</u>

TAX MATTERS

OPINION

On the date of initial delivery of each series of the Obligations, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Obligations for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Obligations will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Obligations. See Appendix C - FORMS OF OPINIONS OF BOND COUNSEL.

In rendering its opinions, Bond Counsel will rely upon (a) certain information and representations of the City, including information and representations contained in the City's federal tax certificate, (b) the Verification Report prepared by Grant Thornton LLP with respect to the refunding of the Refunded Obligations and (c) covenants of the City contained in the respective Ordinances authorizing each series of the Obligations relating to certain matters, including arbitrage and the use of the proceeds of the Obligations and the property financed or refinanced therewith. Failure of the City to comply with these representations or covenants could cause the interest on the Bonds or Certificates, as the case may be, to become includable in gross income retroactively to their date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Obligations in order for interest on the Obligations to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Obligations to be included in gross income retroactively to the date of issuance of the Obligations. The opinions of Bond Counsel are rendered in reliance upon the compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of Existing Law and reliance on the aforementioned information, representations and covenants. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Obligations.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Obligations or the property financed or refinanced with proceeds of the Obligations. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Obligations, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Obligation holders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

The initial public offering price to be paid for one or more maturities of the Obligations may be less than the principal amount thereof or one or more periods for the payment of interest on the Obligations may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Obligations"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Obligation, and (ii) the initial offering price to the public of such Original Issue Discount Obligation would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Obligations less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Obligation in the initial public offering 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 Obligation equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Obligation prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Obligation 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 Obligation was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Obligation is accrued daily to the stated maturity thereof (in amounts calculated as described below for each accrual period within each accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Obligation 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 Original Issue Discount Obligation.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Obligations 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 Obligations should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Obligations 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 Obligations.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Obligations. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE OBLIGATIONS.

Interest on the Obligations will be includable as an adjustment for “adjusted current earnings” to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Obligations, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Obligations, if such obligation was acquired at a “market discount” and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to “market discount bonds” to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A “market discount bond” is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the “revised issue price” (i.e., the issue price plus accrued original issue discount). The “accrued market discount” is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Obligations under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Obligations will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

FUTURE AND PROPOSED LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Obligations under federal or state law, and could affect the market price or marketability of the Obligations. Any of the foregoing could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any of the foregoing becoming effective cannot be predicted. Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of each series of Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be publicly available at no cost on the Electronic Municipal Market Access of the MSRB, with the web address www.emma.msrb.org ("EMMA").

ANNUAL REPORTS

The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6; 8 through 20 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 20 within six months after the end of each fiscal year ending in and after 2017. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2017. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes 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 City may be required to employ from time to time pursuant to State law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in 1 through 6 and 8 through 20 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) as described above. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

EVENT NOTICES

The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports". For these purposes, any event described in clause (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

The City will provide each notice described in the previous paragraph to the MSRB through EMMA, in accordance with the Rule.

LIMITATIONS AND AMENDMENTS

The City has agreed to update information and to provide notices of specified events only as described above. The City 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 City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City 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 Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City 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 City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations 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 Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. If the City 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

In connection with prior transactions, the City has entered into undertakings pursuant to which it agreed to provide certain updated financial information and operating data within six months of the end of the City’s fiscal year along with notices of specified material events at required times. In addition, the City previously agreed to provide audited financial statements within six months of the end of the City’s fiscal year if audited financial statements were available by such time. If audited financial statements were not available, the City agreed to provide unaudited financial statements for the applicable fiscal year.

During the previous five years, the City filed certain updated financial information and operating data in the form of tables (the “Tables”) identified in the official statements for each respective debt issuances within six months (March 31) after the end of each fiscal year. The audited financial statements for the fiscal years ending September 30, 2009 and September 30, 2010 were filed on July 5, 2010 and May 26, 2011, respectively, which is more than six months after the end of the fiscal year. In each instance, the City filed Tables that contained certain unaudited financial statement information that was similar to the type included in the audited financial information within six months of the end of the applicable fiscal year.

OTHER INFORMATION

RATINGS

The Obligations and presently outstanding tax supported debt of the City are rated “_____” by Moody’s and “_____” by S&P, without regard to credit enhancement. The ratings reflect only the respective views of such organizations and the City 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 Obligations.

LITIGATION

The City is a party to legal proceedings, many of which occur in the normal course of operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the city with respect to the various proceedings. The City’s management believes that the ultimate outcome of the various lawsuits will not have a material adverse effect on the City’s financial position.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations 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 Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations must 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 Obligations are negotiable instruments, investment securities 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. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Obligations be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION - RATINGS” herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. The City 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 Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS

The City will furnish a complete transcript of proceedings incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Obligations and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on corporations. In its capacity as Bond Counsel, McCall, Parkhurst & Horton L.L.P. has reviewed the information under the captions “PLAN OF FINANCING” (except for the subsection “SOURCES AND USES OF PROCEEDS”), “THE OBLIGATIONS,” “TAX MATTERS,” “OTHER INFORMATION – LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “OTHER INFORMATION – REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE,” “OTHER INFORMATION – LEGAL OPINIONS,” and “CONTINUING DISCLOSURE OF INFORMATION” (except under the subheading “COMPLIANCE WITH PRIOR UNDERTAKINGS”, as to which no opinion is expressed) in the Official Statement to determine whether such information fairly summarized matters of law and the provisions of the documents referred to therein, and Bond Counsel is of the opinion that the information relating to the Obligations and the Ordinances contained under such captions is a fair and accurate summary of the information purported to be shown. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinion will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System. In connection with the transactions described in the Official Statement, Bond Counsel represents only the City.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City 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.

FINANCIAL ADVISOR

First Southwest, a Division of Hilltop Securities Inc. is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. First Southwest, a Division of Hilltop Securities Inc., in its capacity as Financial Advisor, has relied on the opinions 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 Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City 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.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Grant Thornton LLP, a firm of independent certified public accountants, will deliver to the Issuer, on or before the settlement date of the Obligations, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Securities, to pay, when due or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Obligations will be excluded from gross income for federal income tax purposes.

Grant Thornton relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the Issuer. In addition, Grant Thornton has relied on any information provided to it by the Issuer's retained advisors, consultants or legal counsel. Grant Thornton was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

CERTIFICATION OF THE OFFICIAL STATEMENT AND NO-LITIGATION CERTIFICATE

At the time of payment for and delivery of the Obligations, the Initial Purchasers will be furnished a certificate, executed by the proper City officials, 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 City contained in its Official Statement and any addenda, supplement or amendment thereto, for its Obligations on the date of such Official Statement, on the date of purchase of said Obligations, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the City 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 City and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the City since September 30, 2016, the date of the last audited financial statements of the City and (e) except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, of which the City has notice to restrain or enjoin the issuance, execution or delivery of the Obligations, in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Obligations; or which would affect the provisions made for their payment or security, or in any manner question the validity of the Obligations.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City'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 City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City'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 City. 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.

INITIAL PURCHASERS

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

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Initial Purchaser of the Certificates") to purchase the Certificates at the interest rates shown on the (inside) cover page of the Official Statement at a price of _____(%) of par plus a cash premium 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 City to the Initial Purchaser of the Certificates. The City 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.

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will also approve the form and content of this Official Statement, and any addenda or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

Mayor
City of College Station, Texas

ATTEST:

City Secretary
City of College Station, Texas

SCHEDULE OF REFUNDED OBLIGATIONS*

General Obligation Debt

Certificates of Obligation, Series 2009					General Obligation Improvement Bonds, Series 2009				
Maturity	Interest	Par Amount	Call	Call	Maturity	Interest	Par Amount	Call	Call
February 15	Rate	to be Refunded*	Date	Price	February 15	Rate	to be Refunded*	Date	Price
2023	4.125%	\$ 1,415,000	2/15/2019	100.00	2024 ⁽¹⁾	4.300%	\$ 200,000	2/15/2019	100.00
2024	4.250%	1,485,000	2/15/2019	100.00	2025 ⁽¹⁾	4.300%	210,000	2/15/2019	100.00
2025	5.000%	1,570,000	2/15/2019	100.00	2026 ⁽²⁾	4.500%	220,000	2/15/2019	100.00
2026	4.500%	1,645,000	2/15/2019	100.00	2027 ⁽²⁾	4.500%	225,000	2/15/2019	100.00
2027	4.500%	1,730,000	2/15/2019	100.00	2028 ⁽³⁾	4.650%	250,000	2/15/2019	100.00
		<u>\$ 7,845,000</u>			2029 ⁽³⁾	4.650%	260,000	2/15/2019	100.00
							<u>\$ 1,365,000</u>		

*Preliminary, subject to change.

(1) Represents a term bond with a stated maturity February 15, 2025.

(2) Represents a term bond with a stated maturity February 15, 2027.

(3) Represents a term bond with a stated maturity February 15, 2029.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City, located in Brazos County, is situated in the middle of a triangle bounded by Dallas/Fort Worth, Houston, and San Antonio/Austin. Approximately 80% of the Texas population is located within a 200 mile radius of the City. In addition to being a residential community for faculty, students and other personnel of Texas A&M University, the City also serves as a regional manufacturing, retail and health care hub.

The City was incorporated in 1938 and has a Council-City Manager form of government with City employees totaling 961.8 currently.

The City adopted and enforces comprehensive zoning and building restrictions aimed at assuring orderly growth and development. The City's ordinances require all subdividers, at their own expense and without provision for refund, to install streets and water and wastewater lines in any planned subdivision. These facilities are constructed under the City's specifications and inspection and when completed are deeded to the City free and clear. All areas within the City are now adequately served with water, wastewater and electric service.

Proximity to three of the nation's largest cities, college-town cultural amenities, low cost of living, varied housing options, warm climate and low crime rate have resulted in significant population growth over the last decade.

CITY OWNED FACILITIES

The City maintains approximately 543 linear miles of streets within city limits, 99% of which are hard surface. The City has a complete water distribution, wastewater collection and treatment system with 786 miles of wastewater and water lines. The City owns the electrical distribution system with approximately 471 miles of distribution lines and 20 miles of 138kv transmission lines.

The City has a fully equipped police department with 132 full time police officers and 74 support personnel. The department has 39 police patrol cars and one holding facility with a capacity of 17. The fire department consists of 150 full time fire fighters and 7 support personnel. There are six stations and a total of 8 engines, 6 ambulances, 2 command vehicles, 1 rescue truck, 2 ladder trucks, 1 tanker truck, and 1 grass fire truck.

EDUCATIONAL FACILITIES

The College Station Independent School District (the "School District") is a fully accredited system offering 16 educational campuses for pre-kindergarten through high school. The School District has a student enrollment in excess of 12,500 and employs close to 1,700 people. On November 3, 2015 the voters passed a bond proposition for the School District that includes the construction of three additional facilities. The bonds would fund a third intermediate school in the 2017-2018 school year and a third middle school and tenth elementary school in the 2018-2019 school year. The School District's facilities are also used by Blinn College, a community college offering two years of college level courses.

College Station is home to Texas A&M University which provides higher education, offering both four year college programs and graduate degree programs to over 66,000 enrolled students.

HEALTH CARE

College Station Medical Center, affectionately called 'The Med', is a 200,000 square foot community healthcare provider located on 25 acres within the city limits of College Station. The Med is a 167-bed facility and is a licensed Level III Trauma unit. College Station Medical Center is the only hospital in the Brazos Valley Region to receive national certification in joint replacement from the Joint Commission. They are also an accredited Chest Pain Center, a certified Primary Stroke Center and the region's first accredited Sleep Center. The over 650 healthcare professionals work every day to be a place of healing, caring and connection for patients and families in the community.

Rock Prairie Behavioral Health is a 72-bed state-of-the-art psychiatric hospital built specifically with patients' needs in mind and is dedicated to providing quality behavioral health care to promote growth and recovery for patients and families throughout the state of Texas. The acute psychiatric hospital treats adolescents, adults, and seniors in both inpatient and outpatient settings. The treatment facility is located in the heart of the Brazos Valley, conveniently located in College Station.

Baylor Scott & White Medical Center – College Station is a 403,000 square foot, five story, 143-bed hospital located on a 98 acre campus near the intersection of Texas Highway 6 and Rock Prairie Road within the City of College Station. Baylor Scott & White Medical Center – College Station is a nationally accredited Chest pain Center as well as a Level III Trauma Center. Scott & White Clinic – Rock Prairie, a four-story medical office building, is also located on the campus adjacent to the hospital. Baylor Scott and White Medical Center - College Station houses an emergency department, cardiac services including cath labs, neonatal intensive care unit, comprehensive cancer services, operating rooms, maternity services suites, endoscopic procedure suites, intra operative robotics and other specialty services, all supported by a pharmacy, comprehensive state-of-the-art imaging technology and other diagnostic capabilities.

Other area health care providers include: St. Joseph Regional Health Care Center, Baylor Scott and White Clinic, and The Physicians Centre.

Medical District

The City recently amended its Comprehensive Plan to include the College Station Medical District Master Plan. The Master Plan establishes guiding principles for the development of approximately 1,700 acres in south College Station to accommodate medical facilities, walkable village centers, commercial space, and a variety of residential unit types, all in close proximity to parks, open space, and trails. To ensure the long-term success of the District, the City has created two Tax Increment Reinvestment Zones to help fund the necessary infrastructure. The City is also in the process of establishing 2 Municipal Management Districts to be used as a tool for development of these areas as well.

TRANSPORTATION

U.S. Highway 190/State Highway 21 links the City to Interstate 45 which is located approximately 35 miles to the east. State Highway 21 via U.S. Highway 290 also links the City to Austin, located approximately 110 miles to the west. State Highway 6 links the City to Waco (100 miles) and Interstate 35 to the north and Houston (90 miles) to the south. Also, State Highway 30 links the City to Huntsville (45 miles) and Interstate 45 to the east.

Airlines	Commercial, corporate and private airport facilities are provided by Easterwood Airport, which is located on the City's west side and is owned and operated by Texas A&M University. American Eagle Airlines provides daily flights to and from Dallas-Fort Worth Airport out of Easterwood. United Airlines provides daily flights to and from Houston Bush Intercontinental Airport out of Easterwood. Coulter Field is located north of the City of Bryan and provides a 4,000 foot lighted runway. Coulter Field offers all types of services for the private aircraft.
Bus Lines	Two bus lines serve the City with daily service connecting the City with Houston and Dallas.
Railroads	Rail freight service is provided by the Union Pacific Railroad. Union Pacific Railroad operates a main freight line from Houston through Bryan-College Station to Dallas-Fort Worth and beyond.

RECREATION

The College Station park system presently includes 58 parks encompassing 1448 acres, including a 515 acre wilderness park, and a 150-acre regional athletic park. Collectively, these parks contain 63 playgrounds, 33 soccer fields, 26 basketball courts, 43 softball/baseball backstops, 14 tennis courts, 3 swimming pools, a spray park, a skate park, a gymnasium, an outdoor amphitheater with a green room and plaza area, 1 festival site and a number of picnic shelters and 8 picnic pavilions. The Parks and Recreation Department sponsors a variety of organized athletic and aquatic programs as well as many special events throughout the year.

POPULATION

	Official U.S. Census ⁽¹⁾				
	1970	1980	1990	2000	2010
City of College Station	17,676	37,272	52,456	67,890	93,857
Brazos County	57,978	93,588	121,862	152,415	194,851

⁽¹⁾ U.S. Census Bureau, American Community Survey

ECONOMIC BACKGROUND

Texas A&M University and System

Texas A&M opened its doors in 1876 as the state's first public institution of higher learning. Located in College Station, Texas (about 90 miles northwest of Houston and within a two to three-hour drive from Austin and Dallas), Texas A&M's main campus is home to over 66,000 students, with more than 436,000 former students worldwide. As one of only 62 members of the prestigious Association of American Universities (AAU), an association of leading public and private research universities in the United States and Canada, Texas A&M boasts some of the top programs in academic research and scholarship. Texas A&M and the Texas A&M University System employ more than 27,000 full and part-time personnel.

Texas A&M is one of only 17 institutions in the nation to hold the triple designation as a land-grant, sea-grant, and space-grant university.

In May 2016, the Chancellor of The Texas A&M University System unveiled plans to invest \$150 million to create a new research and development campus to help companies move ideas from the laboratory to the marketplace while also offering a new path toward a college degree. The facility, to be located at a revamped and renamed Riverside Campus in Brazos County, initially will include a cluster of seven new buildings and test beds to encourage the private sector to develop secure research facilities adjacent to the System's site. The facility, named the RELLIS Campus will focus on robotics, driverless and connected vehicles, advanced manufacturing, large-scale testing as well as smart power grids and water systems.

George Bush Presidential Library and Museum

The City is the site of the George Bush Presidential Library and Museum, located on the campus of Texas A&M University. Texas A&M provides programs and facilities such as research and instructional programs related to the library and museum, a conference center, communications center, educational museum/library center, and family-oriented facilities such as a park surrounding the presidential library and museum. The Presidential Library and Museum is also part of the George Bush Presidential Library Center which is home to the prestigious Bush School of Government and Public Service.

Century Square

The City continues to experience a sustained period of growth. The growth has resulted in continued retail development, especially in the Tower Point and Caprock developments in the southern part of the City with new restaurants and other businesses opening and others under construction to serve the ever growing residential populations in that area of the City. However, that growth has expanded to the north side of College Station where mixed-used facilities and additional hotels near the Texas A&M campus are under construction.

One such development is Century Square. This 60-acre development creates a dynamic community center where people congregate from across the region to experience a walkable, urban destination. The project features premier retail and restaurant establishments, entertainment venues, 60,000 SF of Class-A office, two full-service hotels: The George and Cavalry Court, luxury apartment homes: 100 Park, and an activated central gathering space.

Athletics

Athletics is an integral part of College Station. Texas A&M University, along with the City, hosts a multitude of athletic events. Texas A&M University is the home of Kyle Field, Reed Arena, Olsen Field at Bluebell Park, Aggie Softball Complex, George P. Mitchell Tennis Center and Gilliam Indoor Track Stadium. Several of Texas A&M teams have won both conference and national titles over the past five years with every university varsity level team competing in post-season play for the 2015-2016 season. This has positioned the University to host regional payoffs as well as national championship games. Texas A&M's move to the Southeastern Conference (SEC) in 2012 has proved positive for the City. For the Texas A&M's football team ranked third in the nation in average attendance for both the 2015 and 2016 seasons, according to figures released by the NCAA.

For the 2016 season, A&M drew 101,917 fans per game last season at the rebuilt Kyle Field, trailing only Michigan (110,468) and Ohio State (107,278). Capacity at Kyle Field is 102,512, the largest in the Southeastern Conference.

The City's sport complex's as well as the ease to get around makes College Station attractive to several organizations. Over the past several years, the Amateur Softball Association and the Texas Amateur Athletic Federation have chosen College Station to host state tournaments and events. In addition, the City facilitates two major softball tournaments, a soccer tournament, a 7 on 7 flag football tournament and baseball tournaments throughout the year. The City plans to add 2 additional synthetic athletic fields at Veterans Park and Athletic Complex. This is anticipated to allow additional tournaments to be held in this area.

MAJOR AREA EMPLOYERS

<u>Firm Name</u>	<u>Product</u>	<u>Number of Employees</u>
Texas A&M University and System	Education/Research	27,000+
Bryan ISD	Education	2000+
Texas A&M Health Science Center	Education	2000+
Reynolds & Reynolds	Computer Hardware and Software	1800+
College Station ISD	Education	1700+
Blinn College - Bryan Campus	Education	1000+
Sanderson Farms, Inc.	Poultry Processing	1000+
CHI St. Joseph's Regional Hospital	Health Service	1000+
Wal-Mart/Sam's	Retail	1000+
HEB Grocery	Retail	1000+
Brazos County	Government	500-999
City of Bryan	Government	500-999
City of College Station	Government	500-999
College Station Medical Center	Health Service	500-999
Ply Gem Windows	Manufacturing	500-999
Baylor Scott & White	Health Service	500-999

Source: Research Valley Partnership

Employment is provided by a variety of high growth industries located in, or adjacent to, the City which include ambulatory health care services; professional, scientific, and technical services; specialty trade contractors; food manufacturing; administrative and support services as identified in the Local Employment Dynamics data. Additionally College Station is also home to the 350 acre Research Park, located on the Texas A&M University campus, which houses 30 public-private tenants including the Research Valley Partnership, Schlumberger, Texas A&M Transportation Institute, and Offshore Technology Research Center. The City also developed the 200-acre, Class "A" Business Center at College Station (BCCS), tenants of which include Reynolds and Reynolds Cognizant Technology Solution, Suddenlink Media, Stata Corporation, Heat Transfer Research, Inc. (HTRI), and the Texas A&M University System. In addition, the City has worked to develop a new Science Park at Research Valley, which currently houses Lynntech, Inc. and RBC Technologies.

LABOR STATISTICS

College Station

Year	Labor Force	Total Employment	Unemployment	Rate
2010	47,301	44,488	2,813	5.9%
2011	47,972	44,939	3,033	6.3%
2012	47,092	44,328	2,764	5.9%
2013	51,136	48,665	2,471	4.8%
2014	52,028	49,945	2,083	4.0%
2015	52,739	51,023	1,716	3.3%
2016	55,788	53,913	1,875	3.4%
2017 ⁽¹⁾	56,962	55,002	1,960	3.4%

Brazos County

Year	Labor Force	Total Employment	Unemployment	Rate
2010	99,119	93,101	6,018	6.1%
2011	100,643	94,245	6,398	6.4%
2012	98,755	92,963	5,792	5.9%
2013	103,089	98,074	5,015	4.9%
2014	104,334	100,180	4,154	4.0%
2015	105,935	102,343	3,592	3.4%
2016	110,420	106,643	3,777	3.4%
2017 ⁽¹⁾	112,774	108,797	3,977	3.5%

Source: Texas Workforce Commission.

(1) As of February 28, 2017

BUILDING PERMITS

College Station has grown rapidly over the past 30 years as evidenced by an increase in population from 37,272 in 1980 to 93,857 in 2010. As of 2017, the estimated population of College Station was 109,936. The following table sets forth the number and value of construction permits issued by the City over the past several years.

Calendar Year	Residential Construction		Commercial Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2007	990	\$ 161,466,990	413	\$ 74,683,795	1,403	\$ 236,150,785
2008	1,131	164,494,779	346	154,313,994	1,477	318,808,773
2009	792	82,316,558	243	46,947,099	1,035	129,263,657
2010	860	93,158,066	309	162,053,510	1,169	255,211,576
2011	971	124,132,135	359	123,779,052	1,330	247,911,187
2012	1,208	149,737,218	325	67,478,910	1,533	217,216,128
2013	1,030	145,142,757	333	67,516,132	1,363	212,658,889
2014	1,167	211,909,494	338	67,570,229	1,505	279,479,723
2015	1,687	206,336,883	294	78,209,095	1,981	284,545,978
2016	1,802	325,247,597	424	207,892,402	2,226	533,139,999 ⁽¹⁾

Source: The City.

(1) Reflects January through December 2016.

COUNTY CHARACTERISTICS

Brazos County was created in 1841 from Robertson and Washington Counties. The economy is diversified primarily by agribusiness, computer manufacturing, research and development, and education. The Texas Almanac designates cattle, hogs, sorghums, corn, cotton, wheat, oats and pecans as the principal sources of agricultural income.

The County had a 2010 population of 194,851, an increase of 27.8% since 2000. Minerals produced in the County include sand and gravel, lignite, gas and oil.

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APPENDIX B

EXCERPTS FROM THE
CITY OF COLLEGE STATION, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2016

The information contained in this Appendix consists of excerpts from the City of College Station, Texas Annual Financial Report for the Year Ended September 30, 2016, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

APPENDIX C

FORMS OF OPINIONS OF BOND COUNSEL