

Resolution No. R 04-12

**RESOLUTION AUTHORIZING REDEMPTION OF OBLIGATIONS
AND OTHER RELATED MATTERS**

BE IT RESOLVED BY THE CITY OF TAYLOR:

**THE STATE OF TEXAS §
COUNTY OF WILLIAMSON §
CITY OF TAYLOR §**

WHEREAS, at an election held within the City of Taylor, Texas (the "City") on February 7, 2004, the voters of the City authorized the City Council, by a margin of 733 votes for to 352 votes against, to sell the City's water treatment plant and related infrastructure (collectively, the "Plant");

WHEREAS, the City and the Brazos River Authority ("BRA") are in final negotiations with respect to a sale agreement (the "Sale Agreement") for the sale of the Plant to BRA;

WHEREAS, the City expects that the Sale Agreement will be finalized and executed by the City and BRA in the near future so that the sale of the Plant to BRA will occur on May 1, 2004 or such later date as may be agreed to by the parties (the "Sale Date");

WHEREAS, the City has duly issued and there are now outstanding the following obligations, a portion of the proceeds of which were used to fund improvements to the Plant:

City of Taylor, Texas Combination Tax and Revenue Refunding Bonds, Series 1993 originally issued in the aggregate principal amount of \$5,810,000 and currently outstanding in the aggregate principal amount of \$3,665,000 maturing on August 15 of the years 2004 through 2010 (the "Series 1993 Bonds");

City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 1993 originally issued in the aggregate principal amount of \$475,000 and currently outstanding in the aggregate principal amount of \$255,000 maturing on August 15 of the years 2004 through 2010 (the "Series 1993 Certificates of Obligation");

City of Taylor, Texas Combination Tax and Revenue Certificates of Obligation, Series 1994 originally issued in the aggregate principal amount of \$600,000 and currently outstanding in the aggregate principal amount of \$305,000 maturing on August 15 of the years 2004 through 2009 (the "Series 1994 Certificates of Obligation");

WHEREAS, in order to accomplish the sale of the Plant to BRA, the City intends to defease and refund the outstanding Series 1993 Bonds, the outstanding Series 1993 Certificates of Obligation, and the outstanding Series 1994 Certificates of Obligation (collectively, the "Refunded Obligations");

WHEREAS, the Series 1993 Bonds and the Series 1993 Certificates of Obligation are subject to optional redemption on August 15, 2002 or any date thereafter and the Series 1994 Certificates of Obligation are subject to optional redemption on August 15, 2004;

WHEREAS, the City intends to defease the Refunded Obligations on the Sale Date with proceeds derived from BRA under the Sale Agreement and to redeem such Refunded Obligations as soon as practical thereafter;

WHEREAS, the City has also issued and there are now outstanding the City's Waterworks and Sewer System Revenue Bonds, Series 1997 (the "Series 1997 Bonds"), and such bonds were sold to and are still held by the Texas Water Development Board ("TWDB");

WHEREAS, in order for the City to sell the Plant to BRA pursuant to the Sale Agreement without having to refund or defease the Series 1997 Bonds, the ordinance authorizing the Series 1997 Bonds (the "1997 Ordinance") requires the City Council to find and determine that following the sale of the Plant by the City, the System is expected to produce Gross Revenues in amounts sufficient in each Fiscal Year while any of the Series 1997 Bonds are to be outstanding to comply with the obligations of the City contained in the 1997 Ordinance.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TAYLOR, TEXAS:

Section 1. The City hereby calls for redemption the above-described Refunded Obligations upon the sale of its Plant, with such Refunded Obligations to be redeemed on the earliest date practical after such Sale Date. Attached to this Resolution as Exhibit "A" and made a part hereof for all purposes, are copies of the notices of redemption for the Refunded Obligations in substantially final form. The City's General Manager and Bond Counsel are hereby authorized to (i) send notice to the respective Paying Agent/Registrars for the Refunded Obligations, (ii) send notices of the defeasance and refunding to the respective owners of the Refunded Obligations and to any bond insurers therefor, and (iii) take all actions necessary to effectuate the defeasance and redemption of the Refunded Obligations.

Section 2. The City hereby determines and authorizes that funds derived from the sale of the Plant to BRA sufficient to defease the Refunded Obligations shall be deposited with The Bank of New York Trust Company, N.A., as Escrow Agent for such obligations, on the Sale Date pursuant to the terms of an Escrow Agreement by and between the City and The Bank of New York Trust Company, N.A. (the "Escrow Agreement"). The Escrow Agreement in substantially the form and substance attached hereto as Exhibit "B" is hereby approved, and the Mayor or Mayor Pro Tem is hereby authorized to complete, amend, modify and execute the Escrow Agreement, as necessary. The City hereby determines and authorizes that such funds deposited under the Escrow Agreement shall be used to redeem the Refunded Obligations.

Section 3. In accordance with Section 19(g) of the 1997 Ordinance, the City Council hereby finds and determines that following the sale of the Plant by the City, the System is expected to

produce Gross Revenues in amounts sufficient in each Fiscal Year while any of the Series 1997 Bonds are to be outstanding to comply with the obligations of the City contained in the 1997 Ordinance. Additionally, the City Manager, Bond Counsel and the City's Financial Advisor are authorized to take all additional actions necessary to comply with the 1997 Ordinance to ensure that the sale of the Plant to BRA will not require the defeasance or refunding of the Series 1997 Bonds, including obtaining (i) any consents necessary from the TWDB and the bond insurer and (ii) any necessary rating confirmations. Capitalized terms used in this section and not otherwise defined in this Resolution shall have the meanings given to such terms in the 1997 Ordinance.

Section 4. The City's Mayor and City Clerk are hereby authorized and directed to execute the certificate to which this Resolution is attached on behalf of the City, and the City's Mayor, Mayor Pro Tem and City Clerk are further authorized to do any and all things proper and necessary to carry out the intent of this Resolution.

[The Remainder of this Page is Intentionally Left Blank]

PASSED AND APPROVED this _____.

Mayor
City of Taylor, Texas

ATTEST:

City Clerk
City of Taylor, Texas

(SEAL)

EXHIBIT "A"
NOTICE OF REDEMPTION/DEPOSIT OF FUNDS

NOTICE IS HEREBY GIVEN that the following obligations issued by the City of Taylor, Texas (the "City") have been defeased and called for redemption prior to their scheduled maturities, at a price of par plus accrued interest to the date of redemption, to-wit:

CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE REFUNDING BONDS, SERIES 1993, maturing on August 15 in the years 2004 through 2010, inclusive, in the aggregate principal amount of \$3,665,000, with a total amount of accrued interest to the redemption date of \$_____.

Maturity Date (August 15)	Principal Amount	Interest Rate	Redemption Date	CUSIP Number*
2004	\$ 470,000	4.400%		877294CX4
2005	490,000	4.500		877294CY2
2006	510,000	4.600		877294CZ9
2007	540,000	4.750		877294DA3
2008	560,000	4.900		877294DB1
2009	590,000	4.900		877294DC9
2010	505,000	5.000		877294DD7

The obligations described above shall become due and payable on the specified redemption date, and the interest thereon shall cease to accrue from and after such redemption date.

Due provision for the payment of the obligations described above has been made with The Bank of New York Trust Company, N.A. (the "Paying Agent"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

By First Class/Registered/Certified Mail: By Overnight or Courier Delivery:

The Bank of New York
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Helen Scanlon

The Bank of New York
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Helen Scanlon

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by Section 3406 of the Internal Revenue Code unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

* The City and the Paying Agent shall not be responsible for the use of the CUSIP number selected, nor is any representation made as to its correctness indicated in the notice or as printed on any obligation. It is included solely for the convenience of the holders thereof.

CITY OF TAYLOR, TEXAS

NOTICE OF REDEMPTION/DEPOSIT OF FUNDS

NOTICE IS HEREBY GIVEN that the following obligations issued by the City of Taylor, Texas (the "City") have been defeased and called for redemption prior to their scheduled maturities, at a price of par plus accrued interest to the date of redemption, to-wit:

CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1993, maturing on August 15 in the years 2004 through 2010, inclusive, in the aggregate principal amount of \$255,000, with a total amount of accrued interest to the redemption date of \$_____.

Maturity Date (August 15)	Principal Amount	Interest Rate	Redemption Date	CUSIP Number*
2004	\$ 30,000	4.400%		877294DP0
2005	35,000	4.500		877294DQ8
2006	35,000	4.600		877294DR6
2007	35,000	4.750		877294DS4
2008	40,000	4.900		877294DT2
2009	40,000	4.900		877294DU9
2010	40,000	5.000		877294DV7

The obligations described above shall become due and payable on the specified redemption date, and the interest thereon shall cease to accrue from and after such redemption date.

Due provision for the payment of the obligations described above has been made with The Bank of New York Trust Company, N.A. (the "Paying Agent"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

By First Class/Registered/Certified Mail: By Overnight or Courier Delivery:

The Bank of New York
 111 Sanders Creek Parkway
 East Syracuse, NY 13057
 Attn: Helen Scanlon

The Bank of New York
 111 Sanders Creek Parkway
 East Syracuse, NY 13057
 Attn: Helen Scanlon

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by Section 3406 of the Internal Revenue Code unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

* The City and the Paying Agent shall not be responsible for the use of the CUSIP number selected, nor is any representation made as to its correctness indicated in the notice or as printed on any obligation. It is included solely for the convenience of the holders thereof.

CITY OF TAYLOR, TEXAS

NOTICE OF REDEMPTION/DEPOSIT OF FUNDS

NOTICE IS HEREBY GIVEN that the following obligations issued by the City of Taylor, Texas (the "City") have been defeased and called for redemption prior to their scheduled maturities, at a price of par plus accrued interest to the date of redemption, to-wit:

CITY OF TAYLOR, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 1994, maturing on August 15 in the years 2004 through 2009, inclusive, in the aggregate principal amount of \$305,000, with a total amount of accrued interest to the redemption date of \$_____.

Maturity Date (August 15)	Principal Amount	Interest Rate	Redemption Date	CUSIP Number*
2004	\$ 45,000	5.400%		877294EF1
2005	45,000	5.500		877294EG9
2006	50,000	5.600		877294EH7
2007	50,000	5.700		877294EJ3
2008	55,000	5.800		877294EK0
2009	60,000	5.900		877294EL8

The obligations described above shall become due and payable on the specified redemption date, and the interest thereon shall cease to accrue from and after such redemption date.

Due provision for the payment of the obligations described above has been made with JPMorgan Chase Bank (the "Paying Agent"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following addresses:

FIRST CLASS/REGISTERED OR CERTIFIED MAIL

JPMorgan Chase Bank
Institutional Trust Services
P. O. Box 2320
Dallas, Texas 75221-2320

OVERNIGHT OR COURIER

JPMorgan Chase Bank
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

HAND DELIVERY

JPMorgan Chase Bank
Room 234-North Building
Inst. Trust Services Window
55 Water Street
New York, New York 10041

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by Section 3406 of the Internal Revenue Code unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

* The City and the Paying Agent shall not be responsible for the use of the CUSIP number selected, nor is any representation made as to its correctness indicated in the notice or as printed on any obligation. It is included solely for the convenience of the holders thereof.

CITY OF TAYLOR, TEXAS

EXHIBIT "B"
ESCROW AGREEMENT