April 9, 1992
April 10, 1992

ORDINANCE NO. 9514

AN ORDINANCE authorizing the issuance of "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Purchase Contract, and a Special Escrow Agreement, calling certain bonds for redemption and authorizing a notice of redemption, and the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, the City Council of the City of Lubbock, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding obligations totalling in principal amount $23,015,000 (the "Refunded Obligations") of the following issue or series, to wit:

| | |
|---|---|
| (1) City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, and aggregating in principal amount of | $ 9,500,000 |
| (2) City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of | $13,515,000 |

AND WHEREAS, pursuant to the provisions of Article 717k, V.A.T.C.S., as amended, the City Council is authorized to issue refunding bonds and deposit the proceeds of sale thereof directly with any place of payment for the Refunded Obligations, and such deposit, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the City Council hereby finds and determines that the Refunded Obligations are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized; and

WHEREAS, the Council further finds and determines that the Refunded Obligations should be refunded at this time by the issuance of refunding bonds in the amount and bearing interest at the rates hereinafter provided and such refunding will result in the City saving approximately $_________ on such indebtedness; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK, TEXAS:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation refunding bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of $24,005,000, to be designated and bear the title "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992" (hereinafter referred to as the "Bonds"), for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City (identified in the preamble hereof and referred to as the "Refunded Obligations") and to pay costs of issuance, in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Article 717k, V.A.T.C.S.

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations only, shall be dated April 1, 1992 (the "Issue Date"), shall be in denominations of $5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable on February 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the following schedule:

| YEAR OF MATURITY | PRINCIPAL INSTALLMENTS | INTEREST RATE |
|---|---|---|
| 1993 | $ 40,000 | % |
| 1994 | 1,340,000 | % |
| 1995 | 1,320,000 | % |
| 1996 | 4,705,000 | % |
| 1997 | 4,530,000 | % |
| 1998 | 4,435,000 | % |
| 1999 | 4,225,000 | % |
| 2000 | 875,000 | % |
| 2001 | 860,000 | % |
| 2002 | 845,000 | % |
| 2003 | 830,000 | % |

The Bonds shall bear interest on the unpaid principal amounts from the Issue Date at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 15 and August 15 in each year, commencing February 15, 1993.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of TEXAS COMMERCE BANK NATIONAL ASSOCIATION, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The administrative functions of the Paying Agent/Registrar shall initially be performed in Lubbock, Texas, but the "back office" functions shall be performed in Houston, Texas. Attached to this Ordinance as Exhibit A, is a copy of the initial Paying Agent/Registrar Agreement with respect to the Bonds and such Agreement is hereby approved as to form and substance and shall be executed by the Mayor and City Secretary in substantially the same form and content herein approved. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its principal offices in Houston, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/

Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized 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 when 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.

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

SECTION 4: Redemption. (a) Optional Redemption. The Bonds having Stated Maturities on and after February 15, 2000, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 1999 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bonds by $5,000 and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

SECTION 5: Registration - Transfer - Exchange of Bonds-Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon

surrender of such Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/ Registrar, one or more new Bonds shall be registered and issued to the assignee or transferee of the previous Holder; such Bonds to be in authorized denominations, of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrenderd for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/ Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and

delivered in lieu thereof pursuant to the provisions of Section 10 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/ Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Issue Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the Bond Procedures Act of 1981, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 8D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 7: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount of $24,005,000 in principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as eleven (11) fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the

name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/ Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms. A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on insured Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be printed, lithographed, or engraved or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution, but the Initial Bond(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

B. Form of Definitive Bond.

REGISTERED
NO. ______

REGISTERED
$________

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF LUBBOCK, TEXAS,
GENERAL OBLIGATION REFUNDING BOND,
SERIES 1992

| Issue Date: | Interest Rate: | Stated Maturity: | CUSIP NO: |
|---|---|---|---|
| April 1, 1992 | ____________ | ____________ | ________ |

Registered Owner:

Principal Amount: DOLLARS

The City of Lubbock (hereinafter referred to as the "City"), a body corporate and political subdivision in the County of Lubbock, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the Issue Date at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993. Principal of this Bond is payable at its Stated Maturity or redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of $24,005,000 (herein referred to as the "Bonds") for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including Article 717k, V.A.T.C.S., and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Bonds maturing on and after February 15, 2000, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 1999, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States Mail, first class postage prepaid, to the registered owners of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of this Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office, and there shall be issued to the registered owner hereof, without charge, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided,

however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the owner or holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity or redemption, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and

of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforestated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City as of the Issue Date.

CITY OF LUBBOCK, TEXAS

COUNTERSIGNED:

______________________________
Mayor

______________________________
City Secretary

(SEAL)



6980E

C. *Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER (
OF PUBLIC ACCOUNTS (
( REGISTER NO. ____________
THE STATE OF TEXAS (

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this __________.

______________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)

D. Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The principal offices of the Paying Agent/Registrar in Houston, Texas is the "Designated Payment/Transfer Office" for this Bond.

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION
as Paying Agent/Registrar

Registration date:

______________________ By ______________________
Authorized Signature

*NOTE TO PRINTER: Do Not Print on Definitive Bonds

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) ....................................
..................................................................
..................................................................
(Social Security or other identifying number: ................
................) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ..............
..................................................................
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: ...................... ..................................

Signature guaranteed:

..................................

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

F. The Initial Bond(s) shall be in the form set forth in paragraph B of this Section, except that the form of the single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the bond the headings "Interest Rate ________" and "Stated Maturity ________" shall both be omitted;

(ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: Dollars

The City of Lubbock (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Lubbock, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on February 15 in each of the years and in principal installments in accordance with the following schedule:

| YEAR OF MATURITY | PRINCIPAL INSTALLMENTS | INTEREST RATE |
|---|---|---|

(Information to be inserted from schedule in Section 2 hereof).

(or so much principal thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid Principal Amount hereof from the Issue Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993. Principal installments of this Bond are payable in the year of maturity or on a prepayment date to the registered owner hereof by Texas Commerce Bank National Association (the "Paying Agent/Registrar"), upon presentation and surrender, at its principal offices in Houston, Texas (the "Designated Payment/Transfer Office""). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 9: Levy of Taxes. To provide for the payment of the "Debt Service Requirements" of the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the

limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bonds shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of and interest on said Bonds while Outstanding; full allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bonds shall be kept and maintained by the City at all times while the Bonds are Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bonds shall be deposited to the credit of a "Special 1992 Refunding Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

Proper officers of the City are hereby authorized and directed to cause to be transferred to the Paying Agent/ Registrar for the Bonds, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bonds as the same accrues or matures or comes due by reason of redemption prior to maturity; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bonds.

Immediately following the delivery of the Bonds, funds on deposit to the credit of the respective interest and sinking fund accounts created and established for the payment of the principal of and interest on the Refunded Obligations (as well as any and all taxes hereafter collected from prior assessments for such obligations, when and as the same are collected) shall be deposited to the credit of the Escrow Fund to the extent necessary to accomplish the refunding and thereafter to the Interest and Sinking Fund.

SECTION 10: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/ Registrar of evidence satisfactory to the Paying Agent/

Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/ Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 11: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/ Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities

will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/ Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/ Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of four (4) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities", as used herein, means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, which are non-callable prior to the respective Stated Maturities of the Bonds and may be United States Treasury Obligations such as the State and Local Government Series and may be in book-entry form.

SECTION 12: Ordinance a Contract - Amendments - Outstanding Bonds. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the

principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

The term "Outstanding" when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

(1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds deemed to be duly paid by the City in accordance with the provisions of Section 11 hereof; and

(3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 10 hereof.

SECTION 13: <u>Covenants to Maintain Tax-Exempt Status</u>.

(a) <u>Definitions</u>. When used in this Section, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the date of delivery of the Bonds to the initial purchasers.

"Computation Date" has the meaning stated in Treas. Reg. § 1.148-8T(b)(1).

"Gross Proceeds" has the meaning stated in Treas. Reg. § 1.148-8T(d).

"Investment" has the meaning stated in Treas. Reg. § 1.148-8T(e).

"Nonpurpose Investment" means any Investment in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purpose of the Bonds. Obligations acquired with proceeds of the Bonds that are to be used to discharge the Refunded Obligations are Nonpurpose Investments.

"Yield of"

(1) any Investment shall be computed in accordance with Treas. Reg. §1.148-2T, and

(2) the Bonds has the meaning stated in Treas. Reg. § 1.148-3T.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last Stated Maturity of Bonds,

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Bonds or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or

interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if (1) property acquired, constructed, or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the final Stated Maturity of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The City shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Bonds on such form and in such place as such Secretary may prescribe.

(h) Payment of Rebatable Arbitrage. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder,

(1) The City shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and shall maintain

all records of such accounting with the official transcript of the proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall either (i) cause to be calculated by a nationally recognized accounting or financial advisory firm or (ii) calculate and cause its calculations to be verified by a nationally recognized accounting or financial advisory firm, in either case in accordance with rules set forth in section 148(f) of the Code and Treas. Reg. § 1.148-2T and rulings thereunder, the Rebatable Arbitrage with respect to the Bonds. The City shall maintain such calculations with the official transcript of the proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the initial purchasers thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to result in the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States the amount described in paragraph (2) above and the amount described in paragraph (4) below, at the times, in the installments, to the place, in the manner, and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and Treas. Reg. §§ 1.148-1T through 1.148-9T and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any Correction Amount as described in Treas. Reg. § 1.148-1T(c)(2) and any penalty under Treas. Reg. § 1.148-1T(c)(3)(ii)(B).

(i) <u>Qualified Advance Refunding</u>. The Bonds are being issued exclusively to refund the Refunded Obligations, and the Bonds will be issued more than 90 days before the redemption of the Refunded Obligations. The City represents that:

(1) None of the Refunded Obligations are "private activity bonds," within the meaning of section 141 of the Code. Specifically, the covenants set forth in subsection (c) and (d) of this Section are true, correct, and complete with respect to the Refunded Obligations, their proceeds, and the facilities financed therewith.

(2) The Bonds are the first advance refunding (within the meaning of section 149(d)(5) of the Code) of the Series 1983 Refunded Obligations and the second advance refunding (within the meaning of Section 149(d)(5) of the Code) of the Series 1985 Refunded Obligations.

(3) The Refunded Obligations are being called for redemption, and will be redeemed, not later than the earliest date on which each such issue may be redeemed at par or at a premium of 3 percent or less.

(4) The initial temporary period under section 148(c) of the Code will end (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds and (ii) with respect to proceeds of the Refunded Obligations on the date of issuance of the Bonds if not ended prior thereto.

(5) Section 148(e) of the Code did not apply to the Refunded Obligations. On and after the date of issue of the Bonds no proceeds of the Refunded Obligations will be invested in Nonpurpose Investments having a Yield in excess of the Yield on the Refunded Obligations to which any of such proceeds relate.

(6) The debt service savings achieved by the City are a result solely of the interest rates on the Bonds being lower than the interest rate on the Refunded Obligations. In the issuance of the Bonds the City has employed no "device" to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code.

SECTION 14: Book-Entry Only Transfers and Transactions. Notwithstanding the provisions contained in Sections 3 and 5 hereof relating to the payment and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the

State of New York, in accordance with the requirements and procedures identified in the Letter of Representation, by and between the City, the Paying Agent/Registrar and DTC (the "Depository Agreement") relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bonds to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3 and 5 hereof.

SECTION 15: Sale of Bonds - Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Prudential Securities Incorporated and Associates (herein referred to collectively as the "Purchasers") in accordance with the Purchase Contract, dated April 10, 1992, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes. The Mayor is hereby authorized and directed to execute said Purchase Contract for and on behalf of the City and as the act and deed of this Council, and the City Secretary is authorized to attest said Purchase Contract. In regard to the approval and execution of the Purchase Contract, the Council hereby finds, determines and declares that the representations, warranties and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, being a

modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such changes approved by the Mayor, City Secretary, City Manager, or Assistant City Manager for Financial Services, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated ___________, 1992, in the reoffering, sale and delivery of the Bonds to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Preliminary Official Statement and Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 16: Special Escrow Agreement Approval and Execution. The "Special Escrow Agreement" (the "Agreement") by and between the City and Texas Commerce Bank National Association (the "Escrow Agent"), attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Secretary for and on behalf of the City and as the act and deed of the City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement herein approved.

Furthermore, the City Manager, Assistant City Manager for Financial Services, or City Secretary, any or all of said officials, in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Federal Securities referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "SPECIAL CITY OF LUBBOCK, TEXAS, REFUNDING BOND ESCROW FUND" (the "Escrow Fund"), including the purchase of the "Open Market Securities" (at an aggregate purchase price not to exceed $____________) for deposit to the Escrow Fund; all as contemplated and provided in Article 717k, V.A.T.C.S., as amended, this Ordinance and the Agreement.

SECTION 17: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas,

including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

Furthermore, the Mayor, City Secretary, City Manager and Assistant City Manager for Financial Services, any one or more of said officials, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Bonds, including certifications as to facts, estimates, circumstances and reasonable expectations pertaining to the use, expenditure and investment of the proceeds of the Bonds, as may be necessary for the approval of the Attorney General, the registration by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers, and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond(s) to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 18: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less certain costs of issuance and the accrued interest received from the Purchaser of the Bonds) shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Agreement and in accordance with written instructions to the Escrow Agent from the Assistant City Manager for Financial Services.

Additionally, on or immediately prior to the date of delivery of the Bonds to the Purchasers, the Assistant City Manager for Financial Services shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on hand in the interest and sinking funds maintained for payment of the Refunded Obligations the sum of $__________ to accomplish the refunding.

SECTION 19: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other

Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 20: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

SECTION 21: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworksi, Dallas, Texas, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. Printing of a true and correct reproduction of said opinion on the reverse side of each of the definitive Bonds is hereby approved and authorized.

SECTION 22: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 23: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 24: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 25: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 26: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 27: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 28: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 29: Reasons for Refunding; Redemption of Certain Refunded Bonds Prior to Scheduled Maturity. (a) It is hereby found and determined that the issuance of the Bonds in order to provide for the refunding or refinancing of the Refunded Obligations is essential to the City in that there will be an interest savings on the indebtedness of the City which will inure to the benefit of the City of Lubbock. All of the recitals contained in the preamble of this Ordinance are adopted as findings of this City Council.

(b) (i) That the Series 1983 Bonds (mentioned in the preamble hereof) which have a Stated Maturity of February 15, 1994, and thereafter are hereby called for redemption at the price of 100% of par on February 15, 1993. That the Series 1985 Bonds (mentioned in the preamble hereof) which have a Stated Maturity of February 15, 1996, and thereafter are hereby called for redemption at the price of 100% of par on February 15, 1995.

(ii) The City Secretary is hereby authorized to give notice of such call for redemption of the Refunded Obligations to the Paying Agent of such Bonds, which notice shall be substantially in the form set forth in Exhibit D hereof.

SECTION 30: <u>Public Meeting</u>. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Article 6252-17, Vernon's Texas Civil Statutes, as amended.

SECTION 31: <u>Effective Date</u>. This ordinance shall take effect and be in force immediately from and after its passage on second and final reading and IT IS SO ORDAINED.

PASSED AND APPROVED ON FIRST READING, this the 9th day of April, 1992.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the 10th day of April, 1992.

CITY OF LUBBOCK, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of April 10, 1992 (this "Agreement"), by and between the City of Lubbock, Texas (the "Issuer"), and Texas Commerce Bank National Association, a banking association duly organized and existing under the laws of the United States of America, (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992", dated April 1, 1992 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about May 6, 1992; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS
PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Bond Resolution" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Bond Resolution".

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## ARTICLE TWO
## DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the principal offices of the Bank located in Houston, Texas, as indicated on page 12 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor, City Secretary or City Administrator, any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolution).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Resolution.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any

Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Bond Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

## ARTICLE THREE
## PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Bond Resolution.

ARTICLE FOUR
REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the provisions of Section 10 of the Bond Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## ARTICLE FIVE
## THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsiblity for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. <u>May Hold Securities</u>.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. <u>Moneys Held by Bank - Fiduciary Account/ Collateralization</u>.

A fiduciary account shall at all times be kept and maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collaterialized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for fiduciary accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such fiduciary account shall be made by check drawn on such fiduciary account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for four years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06. <u>Indemnification</u>.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming any interest herein.

Section 5.08. DT Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", effective February, 1992, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

## ARTICLE SIX
## MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on page 12.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the

effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

BY ______________________________
Title:

[SEAL]

Attest:

______________________________
Title:

Mailing Address:

______________________________
______________________________
Attention: ________________

Delivery Address:

______________________________
______________________________
Attention: ________________

CITY OF LUBBOCK, TEXAS

BY ______________________________
Mayor

Address: ____________________
____________________

(CITY SEAL)

Attest:

______________________________
City Secretary

# EXHIBIT B

Draft of 3/27/92

**CITY OF LUBBOCK**

**$24,005,000***
**General Obligation Refunding**
**Bonds, Series 1992**

**PURCHASE CONTRACT**

April 10, 1992

**THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS**
City of Lubbock
1625 13th Street
Lubbock, Texas 79457

Dear Mayor and City Council Members:

The undersigned, on behalf of itself, Lehman Brothers and The Principal/Eppler, Guerin & Turner, Inc. (the "Underwriters"), offers to enter into this Purchase Contract with the City of Lubbock, Texas (the "City"). This offer is made subject to the City's acceptance of this Purchase Contract on or before 3:00 p.m., Central Daylight Savings Time on April 10, 1992.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters hereby jointly and severally agree to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters an aggregate of $24,005,000 principal amount of City of Lubbock, Texas General Obligation Refunding Bonds, Series 1992 (the "Bonds"). The Bonds shall be dated April 1, 1992 and shall have the maturities and bear interest from their date at the rate or rates per annum as shown on the cover page of the Official Statement (hereinafter defined), such interest being payable on February 15, 1993, and semi-annually thereafter on August 15 and February 15 in each year. The purchase price for the Bonds shall be $__________ (representing the par amount of the Bonds of $__________ less an underwriter's discount on the Bonds of $__________, and less original issue discount of $__________, plus interest accrued on the Bonds from their date to the date of the payment for and delivery of the Bonds (the "Closing"). Exhibit A hereto is the Official Statement, including the cover page and Appendices thereto, of the City dated April 10, 1992, with respect to the Bonds. The Official Statement, including the cover page and Appendices thereto, as further amended only in the manner hereinafter provided, is hereinafter called the "Official Statement."

2. **Ordinance.** The Bonds shall be as described in and shall be issued and secured under the provisions of an ordinance adopted by the City on first reading on April 9, 1992, and on second and final reading on April 10, 1992 (the "Ordinance"). The Bonds shall be subject to redemption and shall be payable as provided in the Ordinance.

3. **Public Offering.** It shall be a condition of the obligation of the City to sell and deliver the Bonds to the Underwriters, and of the obligation of the Underwriters to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds authorized by the Ordinance shall be sold and delivered by the City and accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all of the Bonds, at not in excess of the initial public offering prices, as set forth on the cover page of the Official Statement, plus interest accrued thereon from the date of the Bonds (except for the Capital Appreciation Bonds) and confirm in writing to the City the principal amount (or percentage of principal amount) of each maturity and the corresponding price for each maturity (or the yield from each maturity resulting from such price) at which the Bonds sold pursuant to such bona fide public offering. Unless otherwise notified in writing by the Underwriters by the Closing, the City can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") shall be the Closing. In the event such notice is so given in writing by the Underwriters, the Underwriters agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

4. **Security Deposit.** Delivered to the City herewith is a corporate check of Prudential Securities Incorporated payable to the order of the City in the amount of $240,000. The City agrees to hold such check uncashed until the Closing to ensure the performance by the Underwriters of their obligations to purchase, accept delivery of and pay for the Bonds at the Closing. Concurrently with the payment by the Underwriters of the purchase price of the Bonds, the City shall return such check to Prudential Securities Incorporated as provided in Paragraph 7 hereof. Should the City fail to deliver the Bonds at the Closing, or should the City be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Purchase Contract (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Purchase Contract, such check shall immediately be returned to the Prudential Securities Incorporated. In the event the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be retained by the City as and for full liquidated damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. The Underwriters hereby agree not to stop or cause payment on said check to be stopped unless the City has breached any of the terms of this Purchase Contract.

5. **Official Statement.** The City hereby authorizes the Escrow Agreement, hereinafter defined, the Ordinance and the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of the Bonds. The City hereby ratifies and confirms the use by the Underwriters in the offering of the Bonds prior to the date hereof of the Preliminary Official Statement for the Bonds dated March 27, 1992 and that the Preliminary Official Statement was "deemed final" by the City, as of the date of its initial mailing within the meaning, and for the purposes, of the Rule. The City agrees to cooperate with the Underwriters to provide a supply of final Official Statements within seven business days of the date hereof in sufficient quantities to comply with the Underwriter's obligations under applicable MSRB Rules and the Rule. The Underwriters will use their best efforts to assist the City in the preparation of the final Official Statement in order to ensure compliance with the aforementioned rules.

6. **Representations, Warranties and Agreements of City.** On the date hereof, the City represents, warrants and agrees as follows:

(a) The City is a municipal corporation, a political subdivision of the State of Texas and a body politic and corporate, and has full legal right, power and authority to enter into this Purchase Contract, and the Escrow Agreement, between the City and the Escrow Agent named in the Official Statement (the "Escrow Agreement"), to adopt the Ordinance, to sell the Bonds, and to issue and

deliver the Bonds to the Underwriters as provided herein and to carry out and consummate all other transactions contemplated by the Ordinance, the Escrow Agreement and this Purchase Contract;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly adopted the Ordinance, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations contained in the Bonds, the Escrow Agreement and this Purchase Contract and has duly authorized and approved the performance by the City of its obligations contained in the Ordinance, the Escrow Agreement and in this Purchase Contract;

(c) The City is not in breach of or default under any applicable law or administrative regulation of the State of Texas or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument, except as may be disclosed in the Official Statement, to which the City is a party or is otherwise subject, which would have a material and adverse effect upon the business or financial condition of the City; and the execution and delivery of the Escrow Agreement and this Purchase Contract by the City and the execution and delivery of the Bonds and the adoption of the Ordinance by the City and compliance with the provisions of each thereof will not violate or constitute a breach of or default under any existing law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject;

(d) All approvals, consents and orders of any governmental authority or agency having jurisdiction of any matter which would constitute a condition precedent to the performance by the City of its obligations to sell and deliver the Bonds hereunder will have been obtained prior to the Closing;

(e) At the time of the City's acceptance hereof and at the time of the Closing, the Official Statement does not and will not contain any 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;

(f) Between the date of this Purchase Contract and Closing, the City will not, without the prior written consent of the Underwriters, issue any additional bonds, certificates of obligation, notes or other obligations for borrowed money payable in whole or in part from ad valorem taxes, and the City will not incur any material liabilities, direct or contingent, relating to, nor will there be any adverse change of a material nature in the financial position of, the City;

(g) Except as described in the Official Statement, no litigation is pending or, to the knowledge of the City, threatened in any court affecting the corporate existence of the City, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Bonds, or the levy or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the Bonds, or in any way contesting or affecting the validity or enforceability of the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City, or any authority for the Bonds, the Ordinance, the Escrow Agreement, or this Purchase Contract or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement or materially and adversely affecting the financial condition of the City or the System;

(h) The City will cooperate with the Underwriters in arranging for the qualification of the Bonds for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters designate, and will use their best efforts to continue such

qualifications in effect so long as required for distribution of the Bonds; provided, however, that the City will not be required to execute a general consent to service of process or to qualify to do business in connection with any such qualification in any jurisdiction;

(i) The descriptions contained in the Official Statement of the Bonds, the Escrow Agreement and the Ordinance accurately reflect the provisions of such instruments, and the Bonds, when validly executed, authenticated and delivered in accordance with the Ordinance and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the City entitled to the benefits of, and subject to the limitations contained in, the Ordinance;

(j) If prior to the Closing an event occurs affecting the City which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the City shall notify the Underwriters, and if in the opinion of the Underwriters such event requires a supplement or amendment to the Official Statement, the City will supplement or amend the Official Statement in a form and in a manner approved by the Underwriters' Counsel; and

(k) If, after the Closing and until twenty-five (25) days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City agrees to notify Prudential Securities Incorporated (and for the purposes of this clause (k) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by Prudential Securities Incorporated), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law.

7. **Closing.** At 10:00 A.M., Central Daylight Savings Time, on May 6, 1992, the City will deliver the initial bond or bonds (as defined in the Ordinance) to the Underwriters and will have the Bonds available at The Depository Trust Company for immediate exchange, together with the other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the respective purchase prices of the Bonds as set forth in Paragraph 1 hereof in immediately available funds. Concurrently with such payment by the Underwriters, the City shall return to Prudential Securities Incorporated, the check referred to in Paragraph 4 hereof. Delivery and payment as aforesaid shall be made at the offices of Fulbright & Jaworski, 2800 Texas Commerce Bank Tower, 2200 Ross Avenue, Dallas, Texas 75201, or such other place, as shall have been mutually agreed upon by the City and the Underwriters. Delivery of the Bonds in definitive form shall be made at The Depository Trust Company New York, New York. The Bonds shall be delivered in fully registered form bearing CUSIP numbers without coupons with one Bond for each maturity registered in the name of CEDE & CO. be made available to Prudential Securities Incorporated at least one business day before the Closing for purposes of inspection.

8. **Conditions.** The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of Closing, as if made on the date of Closing;

(b) At the time of the Closing, the Ordinance and the Escrow Agreement shall be in full force and effect, and the Ordinance and the Escrow Agreement shall not have been amended, or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters;

(c) At the time of the Closing, all official action of the City related to the Ordinance and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented;

(d) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(e) The City will purchase the government securities necessary to provide the funds needed to refund the City's outstanding obligations as contemplated by the Escrow Agreement;

(f) At or prior to the Closing, the Underwriters shall have received two copies of each of the following documents:

(1) The Official Statement of the City executed on behalf of the City by the Mayor and City Secretary of the City;

(2) The Ordinance certified by the City Secretary of the City under its seal as having been duly adopted by the City and as being in effect, with such changes or amendments as may have been agreed to by the Underwriters;

(3) An unqualified opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, in substantially the forms and substance of Appendix C to the Official Statement;

(4) An unqualified opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of Texas, approving the Bonds as required by law and a certificate of the Comptroller of Public Accounts of the State of Texas regarding the registration of the Bonds as required by law;

(5) The supplemental opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, addressed to the City and the Underwriters, to the effect that (A) in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions, "Bond Information," (except for the subcaption "Book-Entry Only System,") and the following subcaptions under the heading "Other Relevant Information" thereunder "Tax Exemption," "Tax Accounting Treatment of Original Issue Discount Bonds," and "Legal Investments and Eligibility to Secure Public Funds in Texas" and such firm is of the opinion that the information relating to the Bonds and the Ordinance contained under such captions in all respects accurately and fairly reflects the provisions thereof; (B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; (C) in the performance of their duties as Bond Counsel for the City, without having undertaken to determine independently the accuracy and

completeness of the statements contained in the Official Statement, nothing has come to the attention of such counsel which would lead them to believe that the Official Statement (excluding the financial and statistical data and forecasts included therein, all as to which no view need be expressed) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(6) The opinion of McCall, Parkhurst & Horton, as Underwriters' Counsel, dated the date of the Closing addressed to the Underwriters to the effect that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended. The opinion of such Counsel shall also state that, based upon their participation in the preparation of the Official Statement, such Counsel has no reason to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, as to which no view need be expressed), as of the date of the Official Statement, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate, dated the date of Closing, signed by the Mayor and the City Attorney of the City, to the effect that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of such persons, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City or contesting the authorization of the Bonds or the Ordinance, or contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement (but in lieu of or in conjunction with such certificate the Underwriters may, in their discretion, accept certificates or opinions of the City Attorney that, in his or her opinion, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); and (iii) to the best of their knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect;

(8) A certificate, dated the date of Closing, of the Assistant City Manager for Financial Services of the City to the effect that there has not been any material and adverse change in the affairs or financial condition of the City or the System since September 30, 1990, the latest date as to which audited financial information is available;

(9) A certificate, dated the date of the Closing, of an appropriate official of the City to the effect that, on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Bonds, it is not reasonably expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended;

(10) A copy of a special report prepared by the independent Certified Public Accountants named in the Official Statement, addressed to the City, Bond Counsel, the Underwriters and Underwriters' Counsel verifying the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the bonds being refunded by the Bonds and the computation of the yield with respect to such securities and the Bonds;

(11) Evidence of the ratings on the Bonds shall be delivered in a form acceptable to the Underwriters; and

(12) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriters may reasonably request to evidence the truth, accuracy and completeness, as of the date hereof and as of the date of Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance and satisfaction by the City at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are satisfactory to the Underwriters.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds as set forth in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under further obligation hereunder, except that: (i) the check referred to in Paragraph 4 hereof shall be immediately returned to Prudential Securities Incorporated by the City, and (ii) the respective obligations of the City and the Underwriters set forth in Paragraphs 10 and 12 hereof shall continue in full force and effect.

9. **Termination.** The Underwriters may terminate their obligation to purchase at any time before the Closing if any of the following should occur:

(a) (i) Legislation (including any amendment thereto) shall have been introduced in or adopted by either House of the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress by any Committee of such House, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or (iii) an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which, in any such case described in clause (i), (ii), (iii), or (iv), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or upon income of the general character to be derived by the City, other than as imposed on the Bonds and income therefrom under the federal tax laws in effect on the date hereof, in such a manner as in the judgment of the Underwriters would materially impair the marketability or materially reduce the market price of obligations of the general character of the Bonds.

(b) Any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(c) (i) The Constitution of the State of Texas shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of Texas law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of Texas by an official, agency or department thereof, affecting the tax status of the City, its property or income, its bonds (including the Bonds) or the interest thereon, which in the judgment of the Underwriters would materially affect the market price of the Bonds.

(d) (i) A general suspension of trading in securities shall have occurred on the New York Stock Exchange, or (ii) the United States becomes engaged in any outbreak of armed hostilities (whether or not foreseeable at the time of execution hereof) or hostilities previously commenced shall escalate, the effect of which, in either case described in clause (i) and (ii), is, in the judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in this Purchase Contract and the Official Statement, including without limitation any material adverse effect on the market price of the Bonds.

(e) An event described in Paragraph 6(j) hereof occurs which, in the opinion of the Underwriters, requires a supplement or amendment to the Official Statement.

(f) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Texas.

(g) A lowering of the ratings initially assigned to the Bonds below "AAA" and "Aaa" by either Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, shall occur prior to Closing or failure to provide evidence of the confirmation of each rating.

(h) Any event occurs which prevents the United States Treasury Department from delivering on the Closing Date the State and Local Government Securities subscribed for by the City in connection with the issuance of the Bonds.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distribution of the Official Statement; (ii) the cost of the preparation and printing of the Bonds; (iii) the fees and expenses of Bond Counsel to the City; (iv) the fees and disbursements of the City's accountants, advisors, and of any other experts or consultants retained by the City; and (v) fees and premiums for bond ratings and bond insurance, respectively, and any travel or other expenses incurred incident thereto.

(b) The Underwriters shall pay: (i) all advertising expenses of the Underwriters in connection with the offering of the Bonds; (ii) the cost of the preparation and printing of all the underwriting documents, including this Purchase Contract and (iii) all other expenses incurred by them in connection with their offering and distribution of the Bonds, including the fees of Counsel to the Underwriters.

11. **Notices.** Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at the address for the City set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Prudential Securities Incorporated, 2121 San Jacinto, Suite 1900, Dallas, Texas 75201, Attention: Mr. John Thomas.

12. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The City's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters and (ii) delivery of any payment for the Bonds hereunder; and the City's representations and warranties contained in Paragraph 6 of this Purchase Contract shall remain operative and in full force and effect, regardless of any termination of this Purchase Contract.

13. **Effective Date.** This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Mayor of the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**PRUDENTIAL SECURITIES INCORPORATED**
**LEHMAN BROTHERS**
**THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC.**

**By**
**PRUDENTIAL SECURITIES INCORPORATED**

**By:**______________________________

**Accepted:**

This 10th day of April, 1992

**By:** ______________________________
**Mayor,**
**City of Lubbock, Texas**

**(SEAL)**

**Attest:**

______________________________
**City Secretary,**
**City of Lubbock, Texas**

## Exhibit A

## Official Statement

EXHIBIT C 1

SPECIAL ESCROW AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF LUBBOCK §

THIS SPECIAL ESCROW AGREEMENT (the "Agreement"), made and entered into as of April 10, 1992, by and between the City of Lubbock, Texas, a duly incorporated municipal corporation in Lubbock County, Texas (the "City") acting by and through the Mayor and City Secretary, and Texas Commerce Bank National Association, Lubbock, Texas, a banking association organized and existing under the laws of the United States of America, or its successors or assigns hereunder (the "Bank"),

W I T N E S S E T H :

WHEREAS, the City has duly issued certain obligations now outstanding in the aggregate amount $23,015,000 (hereinafter referred to as the "Refunded Obligations") and more particularly described as follows:

| | |
|---|---|
| (1) City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, and aggregating in principal amount of | $ 9,500,000 |
| (2) City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of | $13,515,000 |

AND WHEREAS, in accordance with the provisions of Article 717k, V.A.T.C.S., as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of obligations to be refunded, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which

are unconditionally guaranteed by the United States of America, and which may be in book entry form and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of such obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on the 10th day of April, 1992, pursuant to an ordinance (the "Bond Ordinance") passed and adopted by the City Council, authorized the issuance of bonds known as "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale are to be used in part to purchase United States Government Obligations (the "Open Market Securities" or "Federal Securities"), and such Federal Securities shall be immediately credited to and deposited into the "Escrow Fund" to be held by the Bank in accordance with this Agreement; and

WHEREAS, a list and description of the Federal Securities to be purchased and held for the account of the Escrow Fund is attached hereto as Exhibit B, which Exhibit B is hereby incorporated by reference and made a part of this Agreement for all purposes; and

WHEREAS, the Federal Securities, together with the beginning cash balance, if any, in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of moneys sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinances authorizing the issuance of the Refunded Obligations and as set forth in Exhibit A attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Federal Securities and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Bank is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 16 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Bank hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Ordinances. Receipt of true and correct copies of the ordinances authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Bank. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund designated "SPECIAL CITY OF LUBBOCK, TEXAS, REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Bank the following amounts:

| | |
|---|---|
| $____________ | for the purchase of the Open Market Securities identified in Exhibit B to be held for the account of the Escrow Fund; and |
| $____________ | for deposit in the Escrow Fund as a beginning cash balance. |

The Bank hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Federal Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Federal Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in Exhibit A attached hereto.

SECTION 4: Pledge of Escrow. The Bank agrees that all cash and Federal Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Federal Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency - City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in Exhibit A attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Bank shall hold said Federal Securities and moneys in the Escrow Fund at all times as a special and separate trust fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Bank; shall never commingle said Federal Securities and moneys with other moneys or securities of the Bank; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Federal Securities, shall always be maintained on deposit in the Escrow Fund by the Bank, as trustee; and a special account evidencing such facts shall at all times be maintained on the books of the Bank.

SECTION 7: Escrow Fund Collections/Payments. The Bank shall from time to time collect and receive the principal of and interest on the Federal Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in Exhibit A attached hereto, the Bank, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Bank.

If any Refunded Obligation or interest coupon thereon shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Bank in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Bank to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Bank in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of four (4) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Bank to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Bank shall be disposed of or otherwise destroyed by the Bank, and an appropriate certificate of destruction furnished the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Federal Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Federal Securities received by the Bank for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Federal Securities enjoyed by a trust beneficiary. The funds and Federal Securities received by the Bank under this Agreement shall not be considered as a banking deposit by the City and the Bank and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Federal Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Bank Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys or Federal Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution of Investments/Reinvestments. (a) The Bank shall be authorized to accept initially and temporarily cash and/or substituted securities pending the delivery of the Federal Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Federal Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in noncallable direct obligations of the United States of America provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in Exhibit A and the Bank receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Federal Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Federal Securities and the reinvestment of such funds in one or more substituted securities (which shall be noncallable direct obligations of the United States of America), together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient to pay, as the same

become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Federal Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) Notwithstanding the above and foregoing and subject to the availability of securities meeting the restrictions hereinafter identified, the Bank agrees to reinvest the amount of the cash balance in the Escrow Fund on August 15, 1992, as shown on Exhibit C, in one or more non-callable direct obligations of the United States of America maturing on or prior to the respective debt service payment dates such funds are needed to pay the Refunded Obligations and at a purchase price not in excess of the par or principal amount of such obligations. Furthermore, the rate on such direct obligations shall not exceed a zero percentage rate. In the event the Bank is not able to invest such cash balances in accordance with the restrictions and limitations noted in the preceding sentence, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the respective payment dates.

<u>SECTION 12</u>: <u>Restriction on Escrow Fund Investments - Reinvestment</u>. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Federal Securities listed in Exhibits B and C and neither the City nor the Bank shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

<u>SECTION 13</u>: <u>Excess Funds</u>. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Federal Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Bank may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Bank the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available moneys then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Bank shall continuously secure the moneys in the Escrow Fund not invested in Federal Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said uninvested moneys to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 15: Absence of Bank's Liability for Investments. The Bank shall not be liable or responsible for any loss resulting from any investment made in the Federal Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Bank's Compensation - Escrow Administration/ Settlement of Paying Agent's Charges. The City agrees to pay the Bank for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of $________ and, except for reimbursement of costs and expenses incurred by the Bank pursuant to Sections 3, 11, and 19 hereof, the Bank hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Bank on the effective date of this Agreement, the sum of $________, which deposit is the total charges due all paying agents for the Refunded Obligations, and the Bank acknowledges and agrees that the above amount is and represents the total amount of

compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

The City acknowledges and agrees that the above amount deposited with the Escrow Agent to cover paying agents' charges and expenses does not include amounts which shall become due and payable for services rendered as registrar and transfer agent for fully registered Refunded Obligations, and the City agrees to pay directly to each "registrar" for the Refunded Obligations all reasonable costs, expenses and charges incurred in connection with the maintenance of the registration books and records and the transfer of such fully registered obligations as and when such costs, expenses and charges are incurred and against written invoices, statements or bills submitted therefor.

SECTION 17: Escrow Agent's Duties / Responsibilities/ Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a certificate signed on behalf of the City by its City Manager, Assistant City Manager for Financial Services, or Mayor and/or City Secretary of the City as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts.

The Bank shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Bank shall be protected in relying on any such direction only Refunded Obligations which the Bank knows are so owned shall be so disregarded.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

<u>SECTION 18</u>: <u>Limitation Re: Bank's Duties/Responsibilities/ Liabilities to Third Parties</u>. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon Bank growing out of or relating to this Agreement or in the event that the Bank in good faith is in doubt as to what action should be taken hereunder, the City expressly agrees and consents that the Bank shall have the absolute right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Lubbock, Texas.

The Bank may advise with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

SECTION 20: Accounting - Annual Report. Promptly after September 30th of each year, commencing with the year 1992, so long as the Escrow Fund is maintained under this Agreement, the Bank shall forward by letter to the City, to the attention of the City Administrator, or other designated official of the City, a statement in detail of the Federal Securities and moneys held, and the current income and maturities thereof, and the withdrawals of money from the Escrow Fund for the preceding 12 month period ending September 30th of each year.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF LUBBOCK, TEXAS

P. O. Box 2000
Lubbock, Texas 79457

Attention: Assistant City Manager
for Financial Services

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

P. O. Box 841
Lubbock, Texas 79408

Attention: Corporate Trust Division

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Bank for such purpose in accordance with Section 7 hereof. Any moneys or Federal Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 27: Successors/Assignments. (a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Obligations, may apply to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsiblities for the Refunded Obligations.



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(b) Furthermore, the Bank may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Bank under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Bank.

Any successor to the Bank shall be a bank, trust company or other financial institution authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least $5,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Bank shall execute, acknowledge and deliver to the City and the Bank, or its successor or assigns, an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Bank, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

<u>SECTION 28</u>: <u>Escrow Agreement - Amendment/Modification</u>. This Agreement shall be binding upon the City and the Bank and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Bank and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement shall (1) alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Bank may, without the consent of the holders of the Refunded Obligations,

amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement.

SECTION 29: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 30: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF LUBBOCK, TEXAS

______________________________
Mayor

ATTEST:

______________________________
City Secretary

(City Seal)

TEXAS COMMERCE BANK NATIONAL ASSOCIATION,
as Escrow Agent

______________________________
Vice President

ATTEST:

______________________________
Authorized Signer

(Bank Seal)

# EXHIBIT D

## NOTICE OF BOND REDEMPTION

TO TEXAS COMMERCE BANK NATIONAL ASSOCIATION AND OTHER INTERESTED PARTIES:

NOTICE IS HEREBY GIVEN that the City of Lubbock, Texas (the "City"), through its governing body and by ordinance duly passed, has called for redemption certain outstanding bonds of those series of bonds of the City described as follows:

> City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, being bonds numbered 1856 through and including 3755, and aggregating in principal amount of $9,500,000 (the "Series 1983 Bonds"); and

> City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of $13,515,000 (the "Series 1985 Bonds").

THE FIFTEENTH DAY OF FEBRUARY, 1993, is the date fixed for redemption of the Series 1983 Bonds and THE FIFTEENTH DAY OF FEBRUARY, 1995, is the dated fixed for redemption of the Series 1985 Bonds, as prescribed in the aforesaid ordinance, and you are hereby notified that such bonds should be presented for redemption at Texas Commerce Bank National Association on or immediately before the respective dates of redemption, that interest on all such bonds shall cease to accrue from and after the respective redemption dates, and that on the respective dates of redemption such interest will become due and payable on each of such bonds together with the redemption price of 100% of par thereof and accrued interest to the respective dates of redemption.

THIS NOTICE is issued and given pursuant to the options of redemption reserved to the City in the proceedings authorizing the issuance of such bonds and in accordance with recitals and provisions of each of said bonds.

WITNESS MY OFFICIAL SIGNATURE this the 10th day of April, 1992.

______________________________

City Secretary,
City of Lubbock, Texas

RECEIPT IS HEREBY ACKNOWLEDGED by Texas Commerce Bank National Association, of the foregoing Notice of Bond Redemption on this the ______ day of ______________, 1992.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

By: ______________________________

R-1215

THE STATE OF TEXAS
COUNTY OF LUBBOCK

Before me Tonya Henry a Notary Public in and for Lubbock County, Texas on this day personally appeared T.J.Aufill, Account Manager of the Southwestern Newspapers Corporation, publishers of the Lubbock Avalanche-Journal – Morning, and Sunday, who being by me duly sworn did depose and say that said newspaper has been published continuously for more than fifty-two weeks prior to the first insertion of this legal notice No. 800725 at Lubbock County, Texas and the attached printed copy of the legal notice is a true copy of the original and was printed in the Lubbock Avalanche-Journal on the following dates: April 11, 1992
306 wa .53 = 162.18

TJ Aufill

Account Manager
LUBBOCK AVALANCHE-JOURNAL
Southwestern Newspaper Corporation

Tonya Henry
NOTARY PUBLIC in and for the State of Texas
My Commission Expires..................

TONYA HENRY
Notary Public
STATE OF TEXAS
My Comm. Exp. Nov. 19, 1994

Subscribed and sworn to before me this 14 day of April 1992

FORM 58-10

FULBRIGHT & JAWORSKI
2200 ROSS AVENUE
SUITE 2800
DALLAS, TEXAS 75201

HOUSTON
WASHINGTON, D.C.
AUSTIN
SAN ANTONIO
DALLAS
NEW YORK
LOS ANGELES
LONDON
ZURICH
HONG KONG

TELEPHONE: 214/855-8000
FACSIMILE: 214/855-8200

WRITER'S DIRECT DIAL NUMBER:

April 1, 1992

*VIA FEDERAL EXPRESS*

Mr. Robert Massengale
City of Lubbock
1625 13th Street
Lubbock, Texas 79401

Ms. Betsy Wood
City of Lubbock
1625 13th Street
Lubbock, Texas 79401

Ms. Ranette Boyd
City of Lubbock
1625 13th Street
Lubbock, Texas 79401

RE: City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992

Dear Ladies and Mr. Massengale:

Enclosed please find the ordinance proposed for use in authorizing the captioned bonds, together with the four exhibits thereto. The four exhibits are:

1. Paying Agent/Registrar Agreement;

2. Bond Purchase Agreement;

3. Special Escrow Agreement; and

4. Notice of Redemption.

The Notice of Meeting and agenda item should include all of the matters in the title of the ordinance (which is revised slightly from the draft previously circulated).

Please call if you have any questions or comments.

Very truly yours,

Mark

Mark S. Westergard

MSW:lc

Enclosures

# TRANSCRIPT OF PROCEEDINGS
# RELATING TO
# $24,035,000
# CITY OF LUBBOCK, TEXAS
# GENERAL OBLIGATION REFUNDING BONDS
# SERIES 1992

DATED APRIL 1, 1992

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| | |
|---|---|
| 16 | Receipt of Escrow Agent |
| 17 | Opinion of Bond Counsel |
| 18 | Supplemental Opinion of Bond Counsel |
| 19 | Opinion of Underwriters' Counsel |
| 20 | Certificate of Underwriter |
| 21 | Filed Information Report |
| 22 | Rating Letters |

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
§
COUNTY OF LUBBOCK §
§
CITY OF LUBBOCK §

I, the undersigned, City Secretary of the City of Lubbock, Texas, DO HEREBY CERTIFY as follows:

1. That on the 9th day of April, 1992, a regular meeting of the City Council of the City of Lubbock, Texas was held at a meeting place within the City; the duly constituted members of the Council being as follows:

| | |
|---|---|
| B. C. MCMINN | MAYOR |
| T. J. PATTERSON | MAYOR PRO TEM |
| BILL MALOY | COUNCILMEMBER |
| JOAN BAKER | COUNCILMEMBER |
| MAGGIE TREJO | COUNCILMEMBER |
| M.J. ADERTON | COUNCILMEMBER |
| VACANCY | |

all of said persons were present at said meeting, except the following: Maggie Trejo. Among other business considered at said meeting, the attached ordinance entitled:

AN ORDINANCE authorizing the issuance of "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Purchase Contract, and a Special Escrow Agreement, calling certain bonds for redemption and authorizing a notice of redemption, and the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the ordinance, and upon a motion being made by Joan Baker and seconded by M.J. Aderton, the ordinance was passed and adopted by the Council on first reading by the following vote:

5 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Council for the meeting held on the aforesaid date.

2. That on the 10th day of April, 1992, a special meeting of the City Council of the City of Lubbock, Texas was held at a meeting place within the City; the duly constituted members of the Council being as follows:

| | |
|---|---|
| B. C. MCMINN | MAYOR |
| T. J. PATTERSON | MAYOR PRO TEM |
| BILL MALOY | COUNCILMEMBER |
| JOAN BAKER | COUNCILMEMBER |
| MAGGIE TREJO | COUNCILMEMBER |
| M.J. ADERTON | COUNCILMEMBER |
| VACANCY | |

all of said persons were present at said meeting. Among other business considered at said meeting, the attached ordinance entitled:

AN ORDINANCE authorizing the issuance of "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Purchase Contract, and a Special Escrow Agreement, calling certain bonds for redemption and authorizing a notice of redemption, and the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the ordinance, and upon a motion being made by Joan Baker and seconded by M.J. Aderton, the ordinance was finally passed and adopted by the Council on second reading to be effective immediately by the following vote:

6 voted "For"     0 voted "Against"     0 abstained

all as shown in the official Minutes of the Council for the meeting held on the aforesaid date.

3. That the attached ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the City Council of the City on the dates of the aforesaid meetings are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meetings were given to each member of the Council; and that said meetings, and the deliberation of the aforesaid public business, were open to the public and written notice of said meetings, including the subject of the above entitled ordinance, was posted and given in advance thereof in compliance with the provisions of Article 6252-17, Section 3A, V.A.T.C.S.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said City, this the 10th day of April, 1992.

Ranette Boyd

City Secretary, City of
Lubbock, Texas

(City Seal)



6979E

# ORDINANCE NO. 9514

AN ORDINANCE authorizing the issuance of "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement, a Purchase Contract, and a Special Escrow Agreement, calling certain bonds for redemption and authorizing a notice of redemption, and the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, the City Council of the City of Lubbock, Texas (the "City") has heretofore issued, sold, and delivered, and there is currently outstanding obligations totalling in principal amount $23,015,000 (the "Refunded Obligations") of the following issue or series, to wit:

| | |
|---|---|
| (1) City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, and aggregating in principal amount of | $ 9,500,000 |
| (2) City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of | $13,515,000 |

AND WHEREAS, pursuant to the provisions of Article 717k, V.A.T.C.S., as amended, the City Council is authorized to issue refunding bonds and deposit the proceeds of sale thereof directly with any place of payment for the Refunded Obligations, and such deposit, when made in accordance with said statute, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the City Council hereby finds and determines that the Refunded Obligations are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized; and

WHEREAS, the Council further finds and determines that the Refunded Obligations should be refunded at this time by the issuance of refunding bonds in the amount and bearing interest at the rates hereinafter provided and such refunding will result in the City saving approximately $967,710.71 (present value) on such indebtedness; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LUBBOCK, TEXAS:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation refunding bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of $24,035,000, to be designated and bear the title "CITY OF LUBBOCK, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992" (hereinafter referred to as the "Bonds"), for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City (identified in the preamble hereof and referred to as the "Refunded Obligations") and to pay costs of issuance, in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Article 717k, V.A.T.C.S.

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations only, shall be dated April 1, 1992 (the "Issue Date"), shall be in denominations of $5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable on February 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the following schedule:

| YEAR OF MATURITY | PRINCIPAL INSTALLMENTS | INTEREST RATE |
|---|---|---|
| 1993 | $ 35,000 | 4.00% |
| 1994 | 1,330,000 | 4.50% |
| 1995 | 1,320,000 | 5.00% |
| 1996 | 4,710,000 | 5.10% |
| 1997 | 4,535,000 | 5.30% |
| 1998 | 4,445,000 | 5.50% |
| 1999 | 4,230,000 | 5.65% |
| 2000 | 880,000 | 5.80% |
| 2001 | 865,000 | 5.90% |
| 2002 | 850,000 | 6.00% |
| 2003 | 835,000 | 6.10% |

The Bonds shall bear interest on the unpaid principal amounts from the Issue Date at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 15 and August 15 in each year, commencing February 15, 1993.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books (the "Security Register") maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of TEXAS COMMERCE BANK NATIONAL ASSOCIATION, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. The administrative functions of the Paying Agent/Registrar shall initially be performed in Lubbock, Texas, but the "back office" functions shall be performed in Houston, Texas. Attached to this Ordinance as Exhibit A, is a copy of the initial Paying Agent/Registrar Agreement with respect to the Bonds and such Agreement is hereby approved as to form and substance and shall be executed by the Mayor and City Secretary in substantially the same form and content herein approved. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or the redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its principal offices in Houston, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/

Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized 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 when 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.

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

SECTION 4: Redemption. (a) Optional Redemption. The Bonds having Stated Maturities on and after February 15, 2000, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 1999 or on any date thereafter at the redemption price of par plus accrued interest to the date of redemption.

(b) Exercise of Redemption Option. At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bonds by $5,000 and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

SECTION 5: Registration - Transfer - Exchange of Bonds-Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon

surrender of such Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/ Registrar, one or more new Bonds shall be registered and issued to the assignee or transferee of the previous Holder; such Bonds to be in authorized denominations, of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrenderd for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/ Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and

delivered in lieu thereof pursuant to the provisions of Section 10 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

Neither the City nor the Paying Agent/ Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Issue Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in the Bond Procedures Act of 1981, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 8D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 7: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount of $24,005,000 in principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as eleven (11) fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the

name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/ Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms. A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on insured Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be printed, lithographed, or engraved or produced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution, but the Initial Bond(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

B. <u>Form of Definitive Bond</u>.

REGISTERED
NO. ______

REGISTERED
$__________

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF LUBBOCK, TEXAS,
GENERAL OBLIGATION REFUNDING BOND,
SERIES 1992

| Issue Date: | Interest Rate: | Stated Maturity: | CUSIP NO: |
|---|---|---|---|
| April 1, 1992 | ____________ | ____________ | ________ |

Registered Owner:

Principal Amount: DOLLARS

The City of Lubbock (hereinafter referred to as the "City"), a body corporate and political subdivision in the County of Lubbock, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the Issue Date at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993. Principal of this Bond is payable at its Stated Maturity or redemption to the registered owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of $24,035,000 (herein referred to as the "Bonds") for the purpose of providing funds for the discharge and final payment of certain outstanding obligations of the City and to pay costs of issuance, under and in strict conformity with the Constitution and laws of the State of Texas, including Article 717k, V.A.T.C.S., and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Bonds maturing on and after February 15, 2000, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of $5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 1999, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption and upon 30 days prior written notice being sent by United States Mail, first class postage prepaid, to the registered owners of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the registered owner only upon presentation and surrender of this Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office, and there shall be issued to the registered owner hereof, without charge, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum hereof. If this Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the registered owner within 45 days of the redemption date therefor; provided,

however, such limitation on transferability shall not be applicable to an exchange by the registered owner of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the owner or holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity or redemption, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and

of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforestated. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be duly executed under the official seal of the City as of the Issue Date.

CITY OF LUBBOCK, TEXAS

COUNTERSIGNED:

Mayor

City Secretary

(SEAL)

C. *Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

| | | |
|---|---|---|
| OFFICE OF THE COMPTROLLER<br>OF PUBLIC ACCOUNTS | ( | |
| | ( | REGISTER NO. ____________ |
| THE STATE OF TEXAS | ( | |

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this ___________.

_______________________________
Comptroller of Public Accounts
of the State of Texas

(SEAL)

D. Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The principal offices of the Paying Agent/Registrar in Houston, Texas is the "Designated Payment/Transfer Office" for this Bond.

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION
as Paying Agent/Registrar

Registration date:

________________________

By ________________________
Authorized Signature

*NOTE TO PRINTER: Do Not Print on Definitive Bonds

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee:) ...................................
.................................................................
.................................................................
(Social Security or other identifying number: ................
................) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ..............
.................................................................
attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: ....................

Signature guaranteed:

............................

.............................

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

F. The Initial Bond(s) shall be in the form set forth in paragraph B of this Section, except that the form of the single fully registered Initial Bond shall be modified as follows:

(i) immediately under the name of the bond the headings "Interest Rate ________" and "Stated Maturity ________" shall both be omitted;

(ii) Paragraph one shall read as follows:

Registered Owner:

Principal Amount: Dollars

The City of Lubbock (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Lubbock, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on February 15 in each of the years and in principal installments in accordance with the following schedule:

| YEAR OF MATURITY | PRINCIPAL INSTALLMENTS | INTEREST RATE |
|---|---|---|

(Information to be inserted from schedule in Section 2 hereof).

(or so much principal thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid Principal Amount hereof from the Issue Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993. Principal installments of this Bond are payable in the year of maturity or on a prepayment date to the registered owner hereof by Texas Commerce Bank National Association (the "Paying Agent/Registrar"), upon presentation and surrender, at its principal offices in Houston, Texas (the "Designated Payment/Transfer Office""). Interest is payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 9: Levy of Taxes. To provide for the payment of the "Debt Service Requirements" of the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the

limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bonds shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of and interest on said Bonds while Outstanding; full allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bonds shall be kept and maintained by the City at all times while the Bonds are Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bonds shall be deposited to the credit of a "Special 1992 Refunding Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

Proper officers of the City are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar for the Bonds, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Bonds as the same accrues or matures or comes due by reason of redemption prior to maturity; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bonds.

As provided for in Section 18, immediately following the delivery of the Bonds, funds on deposit to the credit of the respective interest and sinking fund accounts created and established for the payment of the principal of and interest on the Refunded Obligations (as well as any and all taxes hereafter collected from prior assessments for such obligations, when and as the same are collected) shall be deposited to the credit of the Escrow Fund to the extent necessary to accomplish the refunding and thereafter to the Interest and Sinking Fund.

SECTION 10: Mutilated - Destroyed - Lost and Stolen Bonds. In case any Bond shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/ Registrar of evidence satisfactory to the Paying Agent/

Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 11: <u>Satisfaction of Obligation of City</u>. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities

will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of four (4) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities", as used herein, means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, which are non-callable prior to the respective Stated Maturities of the Bonds and may be United States Treasury Obligations such as the State and Local Government Series and may be in book-entry form.

SECTION 12: Ordinance a Contract - Amendments - Outstanding Bonds. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the

principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

The term "Outstanding" when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

(1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds deemed to be duly paid by the City in accordance with the provisions of Section 11 hereof; and

(3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 10 hereof.

SECTION 13: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the date of delivery of the Bonds to the initial purchasers.

"Computation Date" has the meaning stated in Treas. Reg. § 1.148-8T(b)(1).

"Gross Proceeds" has the meaning stated in Treas. Reg. § 1.148-8T(d).

"Investment" has the meaning stated in Treas. Reg. § 1.148-8T(e).

"Nonpurpose Investment" means any Investment in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purpose of the Bonds. Obligations acquired with proceeds of the Bonds that are to be used to discharge the Refunded Obligations are Nonpurpose Investments.

"Yield of"

(1) any Investment shall be computed in accordance with Treas. Reg. §1.148-2T, and

(2) the Bonds has the meaning stated in Treas. Reg. § 1.148-3T.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last Stated Maturity of Bonds,

(1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of the Bonds and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Bonds or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the City or

interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if (1) property acquired, constructed, or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the final Stated Maturity of the Bonds, directly or indirectly invest Gross Proceeds of the Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the regulations and rulings thereunder.

(g) Information Report. The City shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Bonds on such form and in such place as such Secretary may prescribe.

(h) Payment of Rebatable Arbitrage. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder,

(1) The City shall account for all Gross Proceeds of the Bonds (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and shall maintain

all records of such accounting with the official transcript of the proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall either (i) cause to be calculated by a nationally recognized accounting or financial advisory firm or (ii) calculate and cause its calculations to be verified by a nationally recognized accounting or financial advisory firm, in either case in accordance with rules set forth in section 148(f) of the Code and Treas. Reg. § 1.148-2T and rulings thereunder, the Rebatable Arbitrage with respect to the Bonds. The City shall maintain such calculations with the official transcript of the proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the initial purchasers thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to result in the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States the amount described in paragraph (2) above and the amount described in paragraph (4) below, at the times, in the installments, to the place, in the manner, and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and Treas. Reg. §§ 1.148-1T through 1.148-9T and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any Correction Amount as described in Treas. Reg. § 1.148-1T(c)(2) and any penalty under Treas. Reg. § 1.148-1T(c)(3)(ii)(B).

(i) Qualified Advance Refunding. The Bonds are being issued exclusively to refund the Refunded Obligations, and the Bonds will be issued more than 90 days before the redemption of the Refunded Obligations. The City represents that:

(1) None of the Refunded Obligations are "private activity bonds," within the meaning of section 141 of the Code. Specifically, the covenants set forth in subsection (c) and (d) of this Section are true, correct, and complete with respect to the Refunded Obligations, their proceeds, and the facilities financed therewith.

(2) The Bonds are the first advance refunding (within the meaning of section 149(d)(5) of the Code) of the Series 1983 Refunded Obligations and the second advance refunding (within the meaning of Section 149(d)(5) of the Code) of the Series 1985 Refunded Obligations.

(3) The Refunded Obligations are being called for redemption, and will be redeemed, not later than the earliest date on which each such issue may be redeemed at par or at a premium of 3 percent or less.

(4) The initial temporary period under section 148(c) of the Code will end (i) with respect to the proceeds of the Bonds not later than 30 days after the date of issue of such Bonds and (ii) with respect to proceeds of the Refunded Obligations on the date of issuance of the Bonds if not ended prior thereto.

(5) Section 148(e) of the Code did not apply to the Refunded Obligations. On and after the date of issue of the Bonds no proceeds of the Refunded Obligations will be invested in Nonpurpose Investments having a Yield in excess of the Yield on the Refunded Obligations to which any of such proceeds relate.

(6) The debt service savings achieved by the City are a result solely of the interest rates on the Bonds being lower than the interest rate on the Refunded Obligations. In the issuance of the Bonds the City has employed no "device" to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code.

SECTION 14: <u>Book-Entry Only Transfers and Transactions</u>. Notwithstanding the provisions contained in Sections 3 and 5 hereof relating to the payment and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by The Depository Trust Company (DTC), a limited purpose trust company organized under the laws of the

State of New York, in accordance with the requirements and procedures identified in the Letter of Representation, by and between the City, the Paying Agent/Registrar and DTC (the "Depository Agreement") relating to the Bonds.

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bonds to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3 and 5 hereof.

SECTION 15: Sale of Bonds - Official Statement Approval. The Bonds authorized by this Ordinance are hereby sold by the City to Prudential Securities Incorporated and Associates (herein referred to collectively as the "Purchasers") in accordance with the Purchase Contract, dated April 10, 1992, attached hereto as Exhibit B and incorporated herein by reference as a part of this Ordinance for all purposes. The Mayor is hereby authorized and directed to execute said Purchase Contract for and on behalf of the City and as the act and deed of this Council, and the City Secretary is authorized to attest said Purchase Contract. In regard to the approval and execution of the Purchase Contract, the Council hereby finds, determines and declares that the representations, warranties and agreements of the City contained therein are true and correct in all material respects and shall be honored and performed by the City.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, being a

modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such changes approved by the Mayor, City Secretary, City Manager, or Assistant City Manager for Financial Services, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated April 10, 1992, in the reoffering, sale and delivery of the Bonds to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Preliminary Official Statement and Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 16: Special Escrow Agreement Approval and Execution. The "Special Escrow Agreement" (the "Agreement") by and between the City and Texas Commerce Bank National Association (the "Escrow Agent"), attached hereto as Exhibit C and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the City, is hereby authorized to be executed by the Mayor and City Secretary for and on behalf of the City and as the act and deed of the City Council; and such Agreement as executed by said officials shall be deemed approved by the City Council and constitute the Agreement herein approved.

Furthermore, the City Manager, Assistant City Manager for Financial Services, or City Secretary, any or all of said officials, in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Federal Securities referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "SPECIAL CITY OF LUBBOCK, TEXAS, REFUNDING BOND ESCROW FUND" (the "Escrow Fund"), including the purchase of the "Open Market Securities" (at an aggregate purchase price not to exceed $901,939.28) for deposit to the Escrow Fund; all as contemplated and provided in Article 717k, V.A.T.C.S., as amended, this Ordinance and the Agreement.

SECTION 17: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas,

including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

Furthermore, the Mayor, City Secretary, City Manager and Assistant City Manager for Financial Services, any one or more of said officials, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Bonds, including certifications as to facts, estimates, circumstances and reasonable expectations pertaining to the use, expenditure and investment of the proceeds of the Bonds, as may be necessary for the approval of the Attorney General, the registration by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers, and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond(s) to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 18: Proceeds of Sale. Immediately following the delivery of the Bonds, the proceeds of sale (less certain costs of issuance and the accrued interest received from the Purchaser of the Bonds) shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Agreement and in accordance with written instructions to the Escrow Agent from the Assistant City Manager for Financial Services.

Additionally, on or immediately prior to the date of delivery of the Bonds to the Purchasers, the Assistant City Manager for Financial Services shall cause to be transferred in immediately available funds to the Escrow Agent from moneys on hand in the interest and sinking funds maintained for payment of the Refunded Obligations the sum of $903,200 to accomplish the refunding.

SECTION 19: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other

Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 20: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

SECTION 21: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworksi, Dallas, Texas, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. Printing of a true and correct reproduction of said opinion on the reverse side of each of the definitive Bonds is hereby approved and authorized.

SECTION 22: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 23: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 24: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 25: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 26: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 27: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 28: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 29: Reasons for Refunding; Redemption of Certain Refunded Bonds Prior to Scheduled Maturity. (a) It is hereby found and determined that the issuance of the Bonds in order to provide for the refunding or refinancing of the Refunded Obligations is essential to the City in that there will be an interest savings on the indebtedness of the City which will inure to the benefit of the City of Lubbock. All of the recitals contained in the preamble of this Ordinance are adopted as findings of this City Council.

(b) (i) That the Series 1983 Bonds (mentioned in the preamble hereof) which have a Stated Maturity of February 15, 1994, and thereafter are hereby called for redemption at the price of 100% of par on February 15, 1993. That the Series 1985 Bonds (mentioned in the preamble hereof) which have a Stated Maturity of February 15, 1996, and thereafter are hereby called for redemption at the price of 100% of par on February 15, 1995.

(ii) The City Secretary is hereby authorized to give notice of such call for redemption of the Refunded Obligations to the Paying Agent of such Bonds, which notice shall be substantially in the form set forth in Exhibit D hereof.

SECTION 30: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Article 6252-17, Vernon's Texas Civil Statutes, as amended.

SECTION 31: Effective Date. This ordinance shall take effect and be in force immediately from and after its passage on second and final reading and IT IS SO ORDAINED.

PASSED AND APPROVED ON FIRST READING, this the 9th day of April, 1992.

PASSED AND APPROVED ON SECOND AND FINAL READING, this the 10th day of April, 1992.

CITY OF LUBBOCK, TEXAS

B. C. McMinn

Mayor

ATTEST:

Ranette Boyd

City Secretary

(City Seal)



6980E

# EXHIBIT A

## PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of April 10, 1992 (this "Agreement"), by and between the City of Lubbock, Texas (the "Issuer"), and Texas Commerce Bank National Association, a banking association duly organized and existing under the laws of the United States of America, (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992", dated April 1, 1992 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about May 6, 1992; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS
PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Bond Resolution" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Bond Resolution".

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## ARTICLE TWO
## DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

> "Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.
>
> "Bank Office" means the principal offices of the Bank located in Houston, Texas, as indicated on page 12 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor, City Secretary or City Administrator, any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolution).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Resolution.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any

Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Bond Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

## ARTICLE THREE
## PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Bond Resolution.

## ARTICLE FOUR
## REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Certificates.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Security Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the provisions of Section 10 of the Bond Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## ARTICLE FIVE
## THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.



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Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsiblity for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. <u>May Hold Securities</u>.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. <u>Moneys Held by Bank - Fiduciary Account/ Collateralization</u>.

A fiduciary account shall at all times be kept and maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collaterialized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for fiduciary accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such fiduciary account shall be made by check drawn on such fiduciary account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for four years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06. <u>Indemnification</u>.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming any interest herein.

Section 5.08. DT Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", effective February, 1992, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

## ARTICLE SIX
## MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on page 12.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the

effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

BY ______________________________
Title:

[SEAL]

Attest:

________________________
Title:

Mailing Address:

______________________________
______________________________
Attention: __________________

Delivery Address:

______________________________
______________________________
Attention: __________________

CITY OF LUBBOCK, TEXAS

BY ______________________________
Mayor

(CITY SEAL)

Address: ____________________
____________________

Attest:

______________________________
City Secretary

Personal #2
Fees 1/1/91

Bond Registrar, Transfer Agent, and Paying Agent

A. Acceptance Fee
For accepting appointment, execution of documents, attendance at closing, conferring with interested parties, including bond counsel, and setting up records - including the issuance of bonds delivered at closing — $1,000.00

B. Authenticating Agent

| | |
|---|---|
| Administration Charge, Monthly | 100.00 |
| For each certificate issued | 1.40 |
| Processing transfers requiring supporting documentation | 5.00 |
| Processing request and documentation for lost or stolen bonds, each transaction (not per-certificate) | 15.00 |
| Furnishing transfer reports semiannually | No charge |

C. Account Maintenance

| | |
|---|---|
| For each account maintained based on number of accounts maintained at the beginning of each billing period, plus all new accounts added | 1.00 |
| Annual Minimum | 100.00 |

D. Paying Agent

| | |
|---|---|
| **Interest Payments** | |
| Minimum covering issuance of 50 checks per interest-payment date | 50.00 |
| Each additional check | .50 |
| **Principal Payments** | |
| Payment of registered bond at maturity or by call per bond | 3.50 |

Out-of-pocket expenses are in addition to the fees quoted and are billed at cost. All agencies are billed annually. The acceptance fee is due within 60 days after settlement.

# EXHIBIT B

## CITY OF LUBBOCK

**$24,035,000**
**General Obligation Refunding**
**Bonds, Series 1992**

## PURCHASE CONTRACT

April 10, 1992

THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS
City of Lubbock
1625 13th Street
Lubbock, Texas 79457

Dear Mayor and City Council Members:

The undersigned, on behalf of itself, Lehman Brothers and The Principal/Eppler, Guerin & Turner, Inc. (the "Underwriters"), offers to enter into this Purchase Contract with the City of Lubbock, Texas (the "City"). This offer is made subject to the City's acceptance of this Purchase Contract on or before 3:00 p.m., Central Daylight Savings Time on April 10, 1992.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters hereby jointly and severally agree to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters an aggregate of $24,035,000 principal amount of City of Lubbock, Texas General Obligation Refunding Bonds, Series 1992 (the "Bonds"). The Bonds shall be dated April 1, 1992 and shall have the maturities and bear interest from their date at the rate or rates per annum as shown on the cover page of the Official Statement (hereinafter defined), such interest being payable on February 15, 1993, and semi-annually thereafter on August 15 and February 15 in each year. The purchase price for the Bonds shall be $23,735,527.20 (representing the par amount of the Bonds of $24,035,000 less an underwriter's discount on the Bonds of $193,481.75, and less original issue discount of $105,991.05, plus interest accrued on the Bonds from their date to the date of the payment for and delivery of the Bonds (the "Closing"). Exhibit A hereto is the Official Statement, including the cover page and Appendices thereto, of the City dated April 10, 1992, with respect to the Bonds. The Official Statement, including the cover page and Appendices thereto, as further amended only in the manner hereinafter provided, is hereinafter called the "Official Statement."

2. **Ordinance.** The Bonds shall be as described in and shall be issued and secured under the provisions of an ordinance adopted by the City on first reading on April 9, 1992, and on second and final reading on April 10, 1992 (the "Ordinance"). The Bonds shall be subject to redemption and shall be payable as provided in the Ordinance.

3. **Public Offering.** It shall be a condition of the obligation of the City to sell and deliver the Bonds to the Underwriters, and of the obligation of the Underwriters to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds authorized by the Ordinance shall be sold and delivered by the City and accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all of the Bonds, at not in excess of the initial public offering prices, as set forth on the cover page of the Official Statement, plus interest accrued thereon from the date of the Bonds (except for the Capital Appreciation Bonds) and confirm in writing to the City the principal amount (or percentage of principal amount) of each maturity and the corresponding price for each maturity (or the yield from each maturity resulting from such price) at which the Bonds sold pursuant to such bona fide public offering. Unless otherwise notified in writing by the Underwriters by the Closing, the City can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") shall be the Closing. In the event such notice is so given in writing by the Underwriters, the Underwriters agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

4. **Security Deposit.** Delivered to the City herewith is a corporate check of Prudential Securities Incorporated payable to the order of the City in the amount of $240,000. The City agrees to hold such check uncashed until the Closing to ensure the performance by the Underwriters of their obligations to purchase, accept delivery of and pay for the Bonds at the Closing. Concurrently with the payment by the Underwriters of the purchase price of the Bonds, the City shall return such check to Prudential Securities Incorporated as provided in Paragraph 7 hereof. Should the City fail to deliver the Bonds at the Closing, or should the City be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Purchase Contract (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Purchase Contract, such check shall immediately be returned to the Prudential Securities Incorporated. In the event the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be retained by the City as and for full liquidated damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. The Underwriters hereby agree not to stop or cause payment on said check to be stopped unless the City has breached any of the terms of this Purchase Contract.

5. **Official Statement.** The City hereby authorizes the Escrow Agreement, hereinafter defined, the Ordinance and the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of the Bonds. The City hereby ratifies and confirms the use by the Underwriters in the offering of the Bonds prior to the date hereof of the Preliminary Official Statement for the Bonds dated March 27, 1992 and that the Preliminary Official Statement was "deemed final" by the City, as of the date of its initial mailing within the meaning, and for the purposes, of the Rule. The City agrees to cooperate with the Underwriters to provide a supply of final Official Statements within seven business days of the date hereof in sufficient quantities to comply with the Underwriter's obligations under applicable MSRB Rules and the Rule. The Underwriters will use their best efforts to assist the City in the preparation of the final Official Statement in order to ensure compliance with the aforementioned rules.

6. **Representations, Warranties and Agreements of City.** On the date hereof, the City represents, warrants and agrees as follows:

(a) The City is a municipal corporation, a political subdivision of the State of Texas and a body politic and corporate, and has full legal right, power and authority to enter into this Purchase Contract, and the Escrow Agreement, between the City and the Escrow Agent named in the Official Statement (the "Escrow Agreement"), to adopt the Ordinance, to sell the Bonds, and to issue and

deliver the Bonds to the Underwriters as provided herein and to carry out and consummate all other transactions contemplated by the Ordinance, the Escrow Agreement and this Purchase Contract;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly adopted the Ordinance, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations contained in the Bonds, the Escrow Agreement and this Purchase Contract and has duly authorized and approved the performance by the City of its obligations contained in the Ordinance, the Escrow Agreement and in this Purchase Contract;

(c) The City is not in breach of or default under any applicable law or administrative regulation of the State of Texas or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument, except as may be disclosed in the Official Statement, to which the City is a party or is otherwise subject, which would have a material and adverse effect upon the business or financial condition of the City; and the execution and delivery of the Escrow Agreement and this Purchase Contract by the City and the execution and delivery of the Bonds and the adoption of the Ordinance by the City and compliance with the provisions of each thereof will not violate or constitute a breach of or default under any existing law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject;

(d) All approvals, consents and orders of any governmental authority or agency having jurisdiction of any matter which would constitute a condition precedent to the performance by the City of its obligations to sell and deliver the Bonds hereunder will have been obtained prior to the Closing;

(e) At the time of the City's acceptance hereof and at the time of the Closing, the Official Statement does not and will not contain any 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;

(f) Between the date of this Purchase Contract and Closing, the City will not, without the prior written consent of the Underwriters, issue any additional bonds, certificates of obligation, notes or other obligations for borrowed money payable in whole or in part from ad valorem taxes, and the City will not incur any material liabilities, direct or contingent, relating to, nor will there be any adverse change of a material nature in the financial position of, the City;

(g) Except as described in the Official Statement, no litigation is pending or, to the knowledge of the City, threatened in any court affecting the corporate existence of the City, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Bonds, or the levy or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the Bonds, or in any way contesting or affecting the validity or enforceability of the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City, or any authority for the Bonds, the Ordinance, the Escrow Agreement, or this Purchase Contract or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement or materially and adversely affecting the financial condition of the City or the System;

(h) The City will cooperate with the Underwriters in arranging for the qualification of the Bonds for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters designate, and will use their best efforts to continue such

qualifications in effect so long as required for distribution of the Bonds; provided, however, that the City will not be required to execute a general consent to service of process or to qualify to do business in connection with any such qualification in any jurisdiction;

(i) The descriptions contained in the Official Statement of the Bonds, the Escrow Agreement and the Ordinance accurately reflect the provisions of such instruments, and the Bonds, when validly executed, authenticated and delivered in accordance with the Ordinance and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the City entitled to the benefits of, and subject to the limitations contained in, the Ordinance;

(j) If prior to the Closing an event occurs affecting the City which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the City shall notify the Underwriters, and if in the opinion of the Underwriters such event requires a supplement or amendment to the Official Statement, the City will supplement or amend the Official Statement in a form and in a manner approved by the Underwriters' Counsel; and

(k) If, after the Closing and until twenty-five (25) days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City agrees to notify Prudential Securities Incorporated (and for the purposes of this clause (k) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by Prudential Securities Incorporated), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law.

7. **Closing.** At 10:00 A.M., Central Daylight Savings Time, on May 6, 1992, the City will deliver the initial bond or bonds (as defined in the Ordinance) to the Underwriters and will have the Bonds available at The Depository Trust Company for immediate exchange, together with the other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the respective purchase prices of the Bonds as set forth in Paragraph 1 hereof in immediately available funds. Concurrently with such payment by the Underwriters, the City shall return to Prudential Securities Incorporated, the check referred to in Paragraph 4 hereof. Delivery and payment as aforesaid shall be made at the offices of Fulbright & Jaworski, 2800 Texas Commerce Bank Tower, 2200 Ross Avenue, Dallas, Texas 75201, or such other place, as shall have been mutually agreed upon by the City and the Underwriters. Delivery of the Bonds in definitive form shall be made at The Depository Trust Company New York, New York. The Bonds shall be delivered in fully registered form bearing CUSIP numbers without coupons with one Bond for each maturity registered in the name of CEDE & CO. be made available to Prudential Securities Incorporated at least one business day before the Closing for purposes of inspection.

8. **Conditions.** The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of Closing, as if made on the date of Closing;

(b) At the time of the Closing, the Ordinance and the Escrow Agreement shall be in full force and effect, and the Ordinance and the Escrow Agreement shall not have been amended, or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters;

(c) At the time of the Closing, all official action of the City related to the Ordinance and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented;

(d) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(e) The City will purchase the government securities necessary to provide the funds needed to refund the City's outstanding obligations as contemplated by the Escrow Agreement;

(f) At or prior to the Closing, the Underwriters shall have received two copies of each of the following documents:

(1) The Official Statement of the City executed on behalf of the City by the Mayor and City Secretary of the City;

(2) The Ordinance certified by the City Secretary of the City under its seal as having been duly adopted by the City and as being in effect, with such changes or amendments as may have been agreed to by the Underwriters;

(3) An unqualified opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, in substantially the forms and substance of Appendix C to the Official Statement;

(4) An unqualified opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of Texas, approving the Bonds as required by law and a certificate of the Comptroller of Public Accounts of the State of Texas regarding the registration of the Bonds as required by law;

(5) The supplemental opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, addressed to the City and the Underwriters, to the effect that (A) in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions, "Bond Information," (except for the subcaption "Book-Entry Only System,") and the following subcaptions under the heading "Other Relevant Information" thereunder "Tax Exemption," "Tax Accounting Treatment of Original Issue Discount Bonds," and "Legal Investments and Eligibility to Secure Public Funds in Texas" and such firm is of the opinion that the information relating to the Bonds and the Ordinance contained under such captions in all respects accurately and fairly reflects the provisions thereof; and (B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(6) The opinion of McCall, Parkhurst & Horton, as Underwriters' Counsel, dated the date of the Closing addressed to the Underwriters to the effect that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended. The opinion of such Counsel shall also state that, based upon their participation in the preparation of the Official Statement, such Counsel has no reason to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, as to which no view need be expressed), as of the date of the Official Statement, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate, dated the date of Closing, signed by the Mayor and the City Attorney of the City, to the effect that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of such persons, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City or contesting the authorization of the Bonds or the Ordinance, or contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement (but in lieu of or in conjunction with such certificate the Underwriters may, in their discretion, accept certificates or opinions of the City Attorney that, in his or her opinion, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); and (iii) to the best of their knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect;

(8) A certificate, dated the date of Closing, of the Assistant City Manager for Financial Services of the City to the effect that there has not been any material and adverse change in the affairs or financial condition of the City or the System since September 30, 1990, the latest date as to which audited financial information is available;

(9) A certificate, dated the date of the Closing, of an appropriate official of the City to the effect that, on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Bonds, it is not reasonably expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended;

(10) A copy of a special report prepared by the independent Certified Public Accountants named in the Official Statement, addressed to the City, Bond Counsel, the Underwriters and Underwriters' Counsel verifying the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the bonds being refunded by the Bonds and the computation of the yield with respect to such securities and the Bonds;

(11) Evidence of the ratings on the Bonds shall be delivered in a form acceptable to the Underwriters; and

(12) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriters may reasonably request to evidence the truth, accuracy and completeness, as of the date hereof and as of the date of Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance and satisfaction by the City at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are satisfactory to the Underwriters.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds as set forth in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under further obligation hereunder, except that: (i) the check referred to in Paragraph 4 hereof shall be immediately returned to Prudential Securities Incorporated by the City, and (ii) the respective obligations of the City and the Underwriters set forth in Paragraphs 10 and 12 hereof shall continue in full force and effect.

9. Termination. The Underwriters may terminate their obligation to purchase at any time before the Closing if any of the following should occur:

(a) (i) Legislation (including any amendment thereto) shall have been introduced in or adopted by either House of the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress by any Committee of such House, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or (iii) an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which, in any such case described in clause (i), (ii), (iii), or (iv), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or upon income of the general character to be derived by the City, other than as imposed on the Bonds and income therefrom under the federal tax laws in effect on the date hereof, in such a manner as in the judgment of the Underwriters would materially impair the marketability or materially reduce the market price of obligations of the general character of the Bonds.

(b) Any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(c) (i) The Constitution of the State of Texas shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of Texas law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of Texas by an official, agency or department thereof, affecting the tax status of the City, its property or income, its bonds (including the Bonds) or the interest thereon, which in the judgment of the Underwriters would materially affect the market price of the Bonds.

(d) (i) A general suspension of trading in securities shall have occurred on the New York Stock Exchange, or (ii) the United States becomes engaged in any outbreak of armed hostilities (whether or not foreseeable at the time of execution hereof) or hostilities previously commenced shall escalate, the effect of which, in either case described in clause (i) and (ii), is, in the judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in this Purchase Contract and the Official Statement, including without limitation any material adverse effect on the market price of the Bonds.

(e) An event described in Paragraph 6(j) hereof occurs which, in the opinion of the Underwriters, requires a supplement or amendment to the Official Statement.

(f) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Texas.

(g) A lowering of the ratings initially assigned to the Bonds below "AAA" and "Aaa" by either Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, shall occur prior to Closing or failure to provide evidence of the confirmation of each rating.

(h) Any event occurs which prevents the United States Treasury Department from delivering on the Closing Date the State and Local Government Securities subscribed for by the City in connection with the issuance of the Bonds.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distribution of the Official Statement; (ii) the cost of the preparation and printing of the Bonds; (iii) the fees and expenses of Bond Counsel to the City; (iv) the fees and disbursements of the City's accountants, advisors, and of any other experts or consultants retained by the City; and (v) fees and premiums for bond ratings and bond insurance, respectively, and any travel or other expenses incurred incident thereto.

(b) The Underwriters shall pay: (i) all advertising expenses of the Underwriters in connection with the offering of the Bonds; (ii) the cost of the preparation and printing of all the underwriting documents, including this Purchase Contract and (iii) all other expenses incurred by them in connection with their offering and distribution of the Bonds, including the fees of Counsel to the Underwriters.

11. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at the address for the City set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Prudential Securities Incorporated, 2121 San Jacinto, Suite 1900, Dallas, Texas 75201, Attention: Mr. John Thomas.

12. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The City's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters and (ii) delivery of any payment for the Bonds hereunder; and the City's representations and warranties contained in Paragraph 6 of this Purchase Contract shall remain operative and in full force and effect, regardless of any termination of this Purchase Contract.

13. **Effective Date.** This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Mayor of the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**PRUDENTIAL SECURITIES INCORPORATED**
**LEHMAN BROTHERS**
**THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC.**

**By**
**PRUDENTIAL SECURITIES INCORPORATED**

**By:** ______________________________

**Accepted:**

This 10th day of April, 1992

**By:** ______________________________
**Mayor,**
**City of Lubbock, Texas**

**(SEAL)**

**Attest:**

______________________________
**City Secretary,**
**City of Lubbock, Texas**

# Exhibit A

## Official Statement

# EXHIBIT C

## SPECIAL ESCROW AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF LUBBOCK §

THIS SPECIAL ESCROW AGREEMENT (the "Agreement"), made and entered into as of April 10, 1992, by and between the City of Lubbock, Texas, a duly incorporated municipal corporation in Lubbock County, Texas (the "City") acting by and through the Mayor and City Secretary, and Texas Commerce Bank National Association, Lubbock, Texas, a banking association organized and existing under the laws of the United States of America, or its successors or assigns hereunder (the "Bank"),

W I T N E S S E T H :

WHEREAS, the City has duly issued certain obligations now outstanding in the aggregate amount $23,015,000 (hereinafter referred to as the "Refunded Obligations") and more particularly described as follows:

| | |
|---|---|
| (1) City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, and aggregating in principal amount of | $ 9,500,000 |
| (2) City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of | $13,515,000 |

AND WHEREAS, in accordance with the provisions of Article 717k, V.A.T.C.S., as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of obligations to be refunded, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which

are unconditionally guaranteed by the United States of America, and which may be in book entry form and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of such obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on the 10th day of April, 1992, pursuant to an ordinance (the "Bond Ordinance") passed and adopted by the City Council, authorized the issuance of bonds known as "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale are to be used in part to purchase United States Government Obligations (the "Open Market Securities" or "Federal Securities"), and such Federal Securities shall be immediately credited to and deposited into the "Escrow Fund" to be held by the Bank in accordance with this Agreement; and

WHEREAS, a list and description of the Federal Securities to be purchased and held for the account of the Escrow Fund is attached hereto as Exhibit B, which Exhibit B is hereby incorporated by reference and made a part of this Agreement for all purposes; and

WHEREAS, the Federal Securities, together with the beginning cash balance, if any, in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of moneys sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinances authorizing the issuance of the Refunded Obligations and as set forth in Exhibit A attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Federal Securities and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Bank is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 16 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Bank hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Ordinances. Receipt of true and correct copies of the ordinances authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Bank. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund designated "SPECIAL CITY OF LUBBOCK, TEXAS, REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Bank the following amounts:

| | |
|---|---|
| $24,499,439.28 | for the purchase of the Open Market Securities identified in Exhibit B to be held for the account of the Escrow Fund; and |
| $ 1,310.72 | for deposit in the Escrow Fund as a beginning cash balance. |

The Bank hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Federal Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Federal Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in Exhibit A attached hereto.

SECTION 4: Pledge of Escrow. The Bank agrees that all cash and Federal Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Federal Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency - City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in Exhibit A attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Bank shall hold said Federal Securities and moneys in the Escrow Fund at all times as a special and separate trust fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Bank; shall never commingle said Federal Securities and moneys with other moneys or securities of the Bank; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Federal Securities, shall always be maintained on deposit in the Escrow Fund by the Bank, as trustee; and a special account evidencing such facts shall at all times be maintained on the books of the Bank.

SECTION 7: Escrow Fund Collections/Payments. The Bank shall from time to time collect and receive the principal of and interest on the Federal Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in Exhibit A attached hereto, the Bank, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Bank.

If any Refunded Obligation or interest coupon thereon shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Bank in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Bank to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Bank in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of four (4) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Bank to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Bank shall be disposed of or otherwise destroyed by the Bank, and an appropriate certificate of destruction furnished the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Federal Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Federal Securities received by the Bank for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Federal Securities enjoyed by a trust beneficiary. The funds and Federal Securities received by the Bank under this Agreement shall not be considered as a banking deposit by the City and the Bank and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Federal Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Bank Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys or Federal Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution of Investments/Reinvestments. (a) The Bank shall be authorized to accept initially and temporarily cash and/or substituted securities pending the delivery of the Federal Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Federal Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in noncallable direct obligations of the United States of America provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in Exhibit A and the Bank receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Federal Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Federal Securities and the reinvestment of such funds in one or more substituted securities (which shall be noncallable direct obligations of the United States of America), together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient to pay, as the same

become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Federal Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) Notwithstanding the above and foregoing and subject to the availability of securities meeting the restrictions hereinafter identified, the Bank agrees to reinvest the amount of the cash balance in the Escrow Fund on August 15, 1992, as shown on Exhibit C, in one or more non-callable direct obligations of the United States of America maturing on or prior to the respective debt service payment dates such funds are needed to pay the Refunded Obligations and at a purchase price not in excess of the par or principal amount of such obligations. Furthermore, the rate on such direct obligations shall not exceed a zero percentage rate. In the event the Bank is not able to invest such cash balances in accordance with the restrictions and limitations noted in the preceding sentence, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the respective payment dates.

SECTION 12: Restriction on Escrow Fund Investments - Reinvestment. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Federal Securities listed in Exhibits B and C and neither the City nor the Bank shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 13: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Federal Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Bank may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Bank the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available moneys then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Bank shall continuously secure the moneys in the Escrow Fund not invested in Federal Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said uninvested moneys to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 15: Absence of Bank's Liability for Investments. The Bank shall not be liable or responsible for any loss resulting from any investment made in the Federal Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Bank's Compensation - Escrow Administration/ Settlement of Paying Agent's Charges. The City agrees to pay the Bank for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of $3,650 and, except for reimbursement of costs and expenses incurred by the Bank pursuant to Sections 3, 11, and 19 hereof, the Bank hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Bank on the effective date of this Agreement, the sum of $7,800, which deposit is the total charges due all paying agents for the Refunded Obligations, and the Bank acknowledges and agrees that the above amount is and represents the total amount of

compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

The City acknowledges and agrees that the above amount deposited with the Escrow Agent to cover paying agents' charges and expenses does not include amounts which shall become due and payable for services rendered as registrar and transfer agent for fully registered Refunded Obligations, and the City agrees to pay directly to each "registrar" for the Refunded Obligations all reasonable costs, expenses and charges incurred in connection with the maintenance of the registration books and records and the transfer of such fully registered obligations as and when such costs, expenses and charges are incurred and against written invoices, statements or bills submitted therefor.

SECTION 17: Escrow Agent's Duties / Responsibilities/ Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a certificate signed on behalf of the City by its City Manager, Assistant City Manager for Financial Services, or Mayor and/or City Secretary of the City as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts.

The Bank shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Bank shall be protected in relying on any such direction only Refunded Obligations which the Bank knows are so owned shall be so disregarded.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

<u>SECTION 18</u>: <u>Limitation Re: Bank's Duties/Responsibilities/ Liabilities to Third Parties</u>. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon Bank growing out of or relating to this Agreement or in the event that the Bank in good faith is in doubt as to what action should be taken hereunder, the City expressly agrees and consents that the Bank shall have the absolute right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Lubbock, Texas.

The Bank may advise with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

SECTION 20: Accounting - Annual Report. Promptly after September 30th of each year, commencing with the year 1992, so long as the Escrow Fund is maintained under this Agreement, the Bank shall forward by letter to the City, to the attention of the City Administrator, or other designated official of the City, a statement in detail of the Federal Securities and moneys held, and the current income and maturities thereof, and the withdrawals of money from the Escrow Fund for the preceding 12 month period ending September 30th of each year.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF LUBBOCK, TEXAS

P. O. Box 2000
Lubbock, Texas 79457

Attention: Assistant City Manager
for Financial Services

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

P. O. Box 841
Lubbock, Texas 79408

Attention: Corporate Trust Division

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Bank for such purpose in accordance with Section 7 hereof. Any moneys or Federal Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 27: Successors/Assignments. (a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Obligations, may apply to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsiblities for the Refunded Obligations.

(b) Furthermore, the Bank may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Bank under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Bank.

Any successor to the Bank shall be a bank, trust company or other financial institution authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least $5,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Bank shall execute, acknowledge and deliver to the City and the Bank, or its successor or assigns, an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Bank, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

<u>SECTION 28</u>: <u>Escrow Agreement - Amendment/Modification</u>. This Agreement shall be binding upon the City and the Bank and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Bank and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement shall (1) alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Bank may, without the consent of the holders of the Refunded Obligations,



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amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement.

SECTION 29: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 30: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF LUBBOCK, TEXAS

______________________________
Mayor

ATTEST:

______________________________
City Secretary

(City Seal)

TEXAS COMMERCE BANK NATIONAL ASSOCIATION,
as Escrow Agent

______________________________
Vice President

ATTEST:

______________________________
Authorized Signer

(Bank Seal)

RECORD NAME - LUBBOCK GO TO CALL

# EXHIBIT A

| DATE | PRINCIPAL | INTEREST | DEBT SERVICE |
|---|---|---|---|
| 8/15/1992 | | 903,200.00 | 903,200.00 |
| 2/15/1993 | 9,500,000.00 | 903,200.00 | 10,403,200.00 |
| 8/15/1993 | | 543,862.50 | 543,862.50 |
| 2/15/1994 | | 543,862.50 | 543,862.50 |
| 8/15/1994 | | 543,862.50 | 543,862.50 |
| 2/15/1995 | 13,515,000.00 | 543,862.50 | 14,058,862.50 |
| TOTALS | 23,015,000.00 | 3,981,850.00 | 26,996,850.00 |

EXHIBIT B

RECORD NAME - LUBBOCK GO 83 TO CALL

DELIVERY DATE: 5/06/1992

| STRIPS PAY DATE | MATURING STRIPS | COST | YIELD | PRICE | CURRENT VALUE OF OTHER STRIPS | TOTAL VALUE ON THIS DATE |
|---|---|---|---|---|---|---|
| 8/15/1992 | 359,000 | 355,499.75 | 3.55000 | 99.025000 | N/A | N/A |
| 2/15/1993 | 4,000 | 3,881.68 | 3.90000 | 97.042000 | N/A | N/A |
| TOTALS | 363,000 | 359,381.43 | | | | |

EXHIBIT B

RECORD NAME - LUBBOCK GO 83 TO DEF1

| DEBT PAY DATE | STRIPS PAY DATE | DEBT SERVICE | MATURING STRIPS | BALANCE |
|---|---|---|---|---|
| 8/15/1992 | 8/15/1992 | 359,337.50 | 359,000 | 337.50 |
| 2/15/1993 | 2/15/1993 | 9,859,337.50 | 4,000 | 9,855,337.50 |
| TOTALS | | 10,218,675.00 | 363,000 | 9,855,675.00 |

RECORD NAME - LUBBOCK GO 83 TO DEF

EXHIBIT B

| DATE | (+) RECORD 1 | (-) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | 337.50 | 337.50 | |
| 2/15/1993 | 9,855,337.50 | | 9,855,337.50 |
| TOTALS | 9,855,675.00 | 337.50 | 9,855,337.50 |

RECORD 1 = LUBBOCK GO 83 TO DEF1
RECORD 2 = LUBBOCK GO 83 CASH

RECORD NAME - LUBBOCK GO 85 TO CALL

EXHIBIT B

DELIVERY DATE: 5/06/1992

| STRIPS PAY DATE | MATURING STRIPS | COST | YIELD | PRICE | CURRENT VALUE OF OTHER STRIPS | TOTAL VALUE ON THIS DATE |
|---|---|---|---|---|---|---|
| 8/15/1992 | 543,000 | 537,705.75 | 3.55000 | 99.025000 | N/A | N/A |
| 2/15/1993 | 5,000 | 4,852.10 | 3.90000 | 97.042000 | N/A | N/A |
| TOTALS | 548,000 | 542,557.85 | | | | |

RECORD NAME - LUBBOCK GO 85 TO DEF1

EXHIBIT B

| DEBT PAY DATE | STRIPS PAY DATE | DEBT SERVICE | MATURING STRIPS | BALANCE |
|---|---|---|---|---|
| 8/15/1992 | 8/15/1992 | 543,862.50 | 543,000 | 862.50 |
| 2/15/1993 | 2/15/1993 | 543,862.50 | 5,000 | 538,862.50 |
| 8/15/1993 | | 543,862.50 | | 543,862.50 |
| 2/15/1994 | | 543,862.50 | | 543,862.50 |
| 8/15/1994 | | 543,862.50 | | 543,862.50 |
| 2/15/1995 | | 14,058,862.50 | | 14,058,862.50 |
| TOTALS | | 16,778,175.00 | 548,000 | 16,230,175.00 |

EXHIBIT B

RECORD NAME - LUBBOCK GO 85 TO DEF

| DATE | (+) RECORD 1 | (-) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | 862.50 | 862.50 | |
| 2/15/1993 | 538,862.50 | 60.72 | 538,801.78 |
| 8/15/1993 | 543,862.50 | | 543,862.50 |
| 2/15/1994 | 543,862.50 | | 543,862.50 |
| 8/15/1994 | 543,862.50 | | 543,862.50 |
| 2/15/1995 | 14,058,862.50 | | 14,058,862.50 |
| TOTALS | 16,230,175.00 | 923.22 | 16,229,251.78 |

RECORD 1 = LUBBOCK GO 85 TO DEF1
RECORD 2 = LUBBOCK GO 85 CASH

EXHIBIT B

RECORD NAME - LUBBOCK GO TO DEF

| DATE | (+) RECORD 1 | (+) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | | | |
| 2/15/1993 | 9,855,337.50 | 538,801.78 | 10,394,139.28 |
| 8/15/1993 | | 543,862.50 | 543,862.50 |
| 2/15/1994 | | 543,862.50 | 543,862.50 |
| 8/15/1994 | | 543,862.50 | 543,862.50 |
| 2/15/1995 | | 14,058,862.50 | 14,058,862.50 |
| TOTALS | 9,855,337.50 | 16,229,251.78 | 26,084,589.28 |

RECORD 1 = LUBBOCK GO 83 TO DEF
RECORD 2 = LUBBOCK GO 85 TO DEF

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT B

SLGS TO BE PURCHASED
FOR ESCROW FUND

TYPE = CERTIFICATES OF INDEBTEDNESS

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE |
|---|---|---|---|---|
| | 9,472,500 | 4.1200 | 5/06/1992 | 2/15/1993 |
| TOTALS | 9,472,500 | | | |

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT B [1]

SLGS TO BE PURCHASED
FOR ESCROW FUND

TYPE = UNITED STATES TREASURY NOTES

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | 1st INT PAY DATE |
|---|---|---|---|---|---|
| | 147,200 | 4.4200 | 5/06/1992 | 8/15/1993 | 8/15/1992 |
| | 150,400 | 4.9900 | 5/06/1992 | 2/15/1994 | 8/15/1992 |
| | 154,100 | 5.3600 | 5/06/1992 | 8/15/1994 | 8/15/1992 |
| | 13,673,300 | 5.6400 | 5/06/1992 | 2/15/1995 | 8/15/1992 |
| TOTALS | 14,125,000 | | | | |
| GRAND TOTAL | 23,597,500 | | | | |

PD F 4144
Dept of the Treasury
Bur of the Public Debt
(Rev 8/89)

OMB NO. 1535-0092
EXP. 2/92

# SUBSCRIPTION FOR PURCHASE AND ISSUE OF U.S. TREASURY SECURITIES— STATE AND LOCAL GOVERNMENT SERIES

EXHIBIT R

**TIME DEPOSIT SECURITIES**

☐ INITIAL ☒ FINAL ☐ AMENDED

To: Federal Reserve Bank or Branch at Dallas, Texas

1. Pursuant to the provisions of *Department of the Treasury Circular, Public Debt Series No.3-72*, current revision (31 CFR Part 344), the undersigned hereby subscribes for the purchase of the following securities:
   a. United States Treasury Certificates of Indebtedness—State and Local Government Series (PD F 4144-2) TOTAL AMOUNT $ 9,472,500
   b. United States Treasury Notes—State and Local Government Series (PD F 4144-3) TOTAL AMOUNT $ 14,125,000
   c. United States Treasury Bonds—State and Local Government Series (PD F 4144-4) TOTAL AMOUNT $

   GRAND TOTAL $ 23,597,500

   as described on the attached schedules, accompanied by PD F 4144-1, which are incorporated by reference in this subscription, to be issued as entries on the books of the Bureau of the Public Debt, Department of the Treasury.
2. The undersigned certifies that this subscription complies with the certification requirements in *31 CFR Sec. 344.3.*
3. The undersigned requests that book-entry accounts be established for:
   Name of owner City of Lubbock, Texas
4. The undersigned:
   a. ☐ submits payment in full herewith for the above securities, as shown below.
   b. ☒ requests that issuance be deferred until 5-6-92 (not to exceed by more than 60 days the date on which this subscription is received at a Federal Reserve Bank or Branch or, where mailed, by the postmark date on the envelope in which it is received), and agrees to make payment on that date.
5. The undersigned agrees that interest and redemption payments made to the subscriber will be by Automated Clearing House (ACH) method.
6. The undersigned further certifies that the following official(s), by title(s), are authorized, subject to the provisions of the above referenced circular, to request redemption prior to maturity of the securities. (If no one has been so authorized, enter the word "none.")
   City Manager
7. If the undersigned is a financial institution, it certifies that it has received the specific authorization of the government body to submit this subscription. Subscriptions submitted by an agent other than a commercial bank must be accompanied by evidence of the agent's authority to act. Such evidence must describe the nature and scope of the agent's authorization, specify the legal authority under which the agent was designated, and relate by its terms to the investment action being undertaken. Subscriptions unsupported by such evidence will not be accepted.

Dated this 9th day of April, 19 92

(806) 767-3000
(Telephone—Include Area Code)

City of Lubbock, Texas
(Name of State or Local Government Body or Other Eligible Entity)

By J. Robert Brassfield
(Signature and Title)
Asst. City Manager for Financial Services

**FOR USE OF FINANCIAL INSTITUTION IN TRANSMITTING PAYMENT FOR ABOVE SECURITY**

(The issue date of the account will be the date specified in this subscription, provided payment therefor in readily available funds is received herewith or within the time limitation specified above. Where payment is submitted separately, it should be accompanied by a copy of this subscription.)

☐ Check enclosed
☒ Charge reserve clearing account on 5-6-92 (Date)
☐ Other

Name of Institution Texas Commerce Bank N.A.
City Lubbock State Texas
Authorized signature and title
Vice President and Trust Officer

**FOR USE OF FEDERAL RESERVE BANK**

ACCOUNT NUMBERS

C OF I'S: From: Through:

NOTES: From: Through:

BONDS: From: Through:

| APPLICABLE INTEREST RATE TABLE NO. | ISSUE DATE | Date Credited to Treas. Acct. (Cannot be Subsequent to Issue Date) |
|---|---|---|
| | | |

**FOR USE OF THE BUREAU OF THE PUBLIC DEBT**

Approved By ______ Date ______ ______
Signature and Title Computer Run

For the notice required under the Privacy and Paperwork Reduction Acts, see the reverse side of this form.

PD F 4144-1
Dept. of the Treasury
Bur. of the Public Debt
(Rev. 8/89)

OMB NO. 1535-0092
EXP. 2/92

# ACCOUNT INFORMATION FOR U.S. TREASURY SECURITIES STATE AND LOCAL GOVERNMENT SERIES

EXHIBIT B

**TIME DEPOSIT SECURITIES**

The United States Treasury Securities—State and Local Government Series subscribed for on PD F 4144 to which this form is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

NAME OF OWNER

City of Lubbock, Texas

EMPLOYER IDENTIFICATION NUMBER 75 - 6000590

ADDRESS OF OWNER

P. O. Box 2000

Lubbock, Texas
CITY

TX
STATE

79457-2000
ZIP CODE

NAME OF SUBSCRIBER'S FINANCIAL INSTITUTION AND OFFICER TO CONTACT

Texas Commerce Bank NA Lub[redacted]
Jerrold W. Stevens, Sr. V.P. & T.[redacted]

ADDRESS OF SUBSCRIBER'S FINANCIAL INSTITUTION

1314 Av[redacted]

Lubbock [redacted]
CITY

[redacted]
STATE

[redacted]
ZIP CODE

DIRECT DEPOSIT (ACH) INFORMATION—To be Completed by the Financial Institution

ACCOUNT NAME Lubbock 1992 Escr[redacted]

ACCOUNT NUMBER 0010-1193884

ROUTING NUMBER 113000609

ACCOUNT TYPE CHECKING X SAVINGS

*U.S.GPO:1990-0-720-245/10213

D. Customer Copy

EXHIBIT B

PD F 4144-2
Dept. of the Treasury
Bureau of the Public Debt
(Rev. 8/89)

# SCHEDULE OF U.S. TREASURY CERTIFICATES OF INDEBTEDNESS— STATE AND LOCAL GOVERNMENT SERIES

OMB NO. 1535-0092
EXP. 2/92

**TIME DEPOSIT SECURITIES**

The United States Treasury Certificates of Indebtedness—State and Local Government Series subscribed for on **PD F 4144** and account information furnished on **PD F 4144-1** to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

| ACCOUNT NUMBERS assigned by FRB | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | FOR TREASURY DEPT. USE ONLY |
|---|---|---|---|---|---|
| | 9,472,500 | 4.12 | 5/6/92 | 2/15/93 | |
| | 9,472,500 | | | | |

**NOTE:** The interest rate on each certificate may not exceed the maximum interest rate for Treasury securities of comparable terms of maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be at least 30 days but not greater than one year from date of issue. Interest will be paid at maturity with the principal.

**FRB CERTIFICATION**

The undersigned certifies that this form has been reviewed and is in compliance with regulations governing U.S. Treasury securities—State and Local Government Series.

Signature ____________

FRB ____________ Date ____________

Phone ____________

NAME OF STATE OR LOCAL GOVERNMENT BODY: City of Lubbock, Texas

SIGNATURE: [signature]

TITLE: Asst. City Manager for Financial Services

FOR BUREAU USE ONLY:
ACCOUNTS ESTABLISHED BY: ____________

ON ____________
Date

D. Customer Copy

EXHIBIT B

PD F 4144-3
Dept. of the Treasury
Bureau of the Public Debt
(Rev. 8/89)

# SCHEDULE OF U.S. TREASURY NOTES—STATE AND LOCAL GOVERNMENT SERIES

OMB NO. 1535-0092
EXP. 2/92

**TIME DEPOSIT SECURITIES**

The United States Treasury Notes—State and Local Government Series subscribed for on **PD F 4144** and account information furnished on **PD F 4144-1** to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

| ACCOUNT NUMBERS assigned by FRB | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | FIRST INTEREST PAYMENT DATE | FOR TREASURY DEPT. USE ONLY |
|---|---|---|---|---|---|---|
| | 147,200 | 4.42 | 5/6/92 | 8/15/93 | 8/15/92 | |
| | 150,400 | 4.99 | 5/6/92 | 2/15/94 | 8/15/92 | |
| | 154,100 | 5.36 | 5/6/92 | 8/15/94 | 8/15/92 | |
| | 13,673,300 | 5.64 | 5/6/92 | 2/15/95 | 8/15/92 | |
| TOTAL | 14,125,000 | | | | | |

**NOTE:** The interest rate on each note may not exceed the maximum interest rate for Treasury securities of comparable terms of maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be at least one year and one day but not greater than ten years from date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal.

**FRB CERTIFICATION**

The undersigned certifies that this form has been reviewed and is in compliance with regulations governing U.S. Treasury securities—State and Local Government Series.

Signature ______________________

FRB ______________ Date __________

Phone ______________________

NAME OF STATE OR LOCAL GOVERNMENT BODY: City of Lubbock, Texas

SIGNATURE: J. Robert Massengale

TITLE: Asst. City Manager for Financial Services

FOR BUREAU USE ONLY:
ACCOUNTS ESTABLISHED BY:

ON ______________
Date

D. Customer Copy

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT C 1

SLGS TO BE PURCHASED
AT 0.0000% RATE

TYPE = CERTIFICATES OF INDEBTEDNESS

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE |
|---|---|---|---|---|
| | 220,100 | 0.0000 | 8/15/1992 | 2/15/1993 |
| TOTALS | 220,100 | | | |

EXHIBIT D

NOTICE OF BOND REDEMPTION

TO TEXAS COMMERCE BANK NATIONAL ASSOCIATION AND OTHER INTERESTED PARTIES:

NOTICE IS HEREBY GIVEN that the City of Lubbock, Texas (the "City"), through its governing body and by ordinance duly passed, has called for redemption certain outstanding bonds of those series of bonds of the City described as follows:

City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, being bonds numbered 1856 through and including 3755, and aggregating in principal amount of $9,500,000 (the "Series 1983 Bonds"); and

City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of $13,515,000 (the "Series 1985 Bonds").

THE FIFTEENTH DAY OF FEBRUARY, 1993, is the date fixed for redemption of the Series 1983 Bonds and THE FIFTEENTH DAY OF FEBRUARY, 1995, is the dated fixed for redemption of the Series 1985 Bonds, as prescribed in the aforesaid ordinance, and you are hereby notified that such bonds should be presented for redemption at Texas Commerce Bank National Association on or immediately before the respective dates of redemption, that interest on all such bonds shall cease to accrue from and after the respective redemption dates, and that on the respective dates of redemption such interest will become due and payable on each of such bonds together with the redemption price of 100% of par thereof and accrued interest to the respective dates of redemption.

THIS NOTICE is issued and given pursuant to the options of redemption reserved to the City in the proceedings authorizing the issuance of such bonds and in accordance with recitals and provisions of each of said bonds.

WITNESS MY OFFICIAL SIGNATURE this the 10th day of April, 1992.

______________________________
City Secretary,
City of Lubbock, Texas

RECEIPT IS HEREBY ACKNOWLEDGED by Texas Commerce Bank National Association, of the foregoing Notice of Bond Redemption on this the ______ day of ______________, 1992.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

By: ____________________________

7124E

# PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of April 10, 1992 (this "Agreement"), by and between the City of Lubbock, Texas (the "Issuer"), and Texas Commerce Bank National Association, a banking association duly organized and existing under the laws of the United States of America, (the "Bank").

## RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992", dated April 1, 1992 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about May 6, 1992; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

## ARTICLE ONE

## APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Bond Resolution" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the "Bond Resolution".

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

## ARTICLE TWO
## DEFINITIONS

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

> "Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.
>
> "Bank Office" means the principal offices of the Bank located in Houston, Texas, as indicated on page 12 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Resolution" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30th.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the Mayor, City Secretary or City Administrator, any one or more of said officials, and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Resolution).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Resolution.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any

Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Bond Resolution the principal of a Security is scheduled to be due and payable.

Section 2.02. <u>Other Definitions</u>.

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

## ARTICLE THREE
## PAYING AGENT

Section 3.01. <u>Duties of Paying Agent</u>.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date. All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the fiduciary account provided in Section 5.05 hereof, sent by United States mail, first class, postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. <u>Payment Dates</u>.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities at the dates specified in the Bond Resolution.

ARTICLE FOUR
REGISTRAR

Section 4.01. <u>Security Register - Transfers and Exchanges</u>.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. <u>Certificates</u>.

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. <u>Form of Security Register</u>.

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. <u>List of Security Holders</u>.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

Section 4.05. Return of Cancelled Certificates.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities.

The Issuer hereby instructs the Bank, subject to the provisions of Section 10 of the Bond Resolution, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

## ARTICLE FIVE
## THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.



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Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsiblity for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank - Fiduciary Account/ Collateralization.

A fiduciary account shall at all times be kept and maintained by the Bank for the receipt, safekeeping and disbursement of moneys received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collaterialized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for fiduciary accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such fiduciary account shall be made by check drawn on such fiduciary account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

The Bank shall be under no liability for interest on any money received by it hereunder.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for four years after final maturity of the Security has become due and payable will be paid by the Bank to the Issuer, and the Holder of such Security shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such moneys shall thereupon cease.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the State and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction to determine the rights of any Person claiming any interest herein.

Section 5.08. DT Services.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", effective February, 1992, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

## ARTICLE SIX
## MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on page 12.

Section 6.04. <u>Effect of Headings</u>.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. <u>Successors and Assigns</u>.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. <u>Severability</u>.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. <u>Benefits of Agreement</u>.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. <u>Entire Agreement</u>.

This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Resolution, the Bond Resolution shall govern.

Section 6.09. <u>Counterparts</u>.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. <u>Termination</u>.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the

effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

BY George S. Roberts
Title: Vice President and Trust Officer

[SEAL]

Attest:
Title: Senior Vice President and Cashier

Mailing Address:
P.O. Box 4631
Houston, Texas 77252
Attention: Bond/Coupon Redemption Dept.

Delivery Address:
811 Rusk, 18th Floor
Houston, Texas 77002
Attention: Bond/Coupon Redemption Dept.

CITY OF LUBBOCK, TEXAS

BY B. C. McMinn
Mayor

Address: 1625 13th Street
Lubbock, Texas 79401

(CITY SEAL)

Attest:
Ranette Boyd
City Secretary



6991E

Personal #2
Fees 1/1/91

Bond Registrar, Transfer Agent, and Paying Agent

A. Acceptance Fee

For accepting appointment, execution of documents, attendance at closing, conferring with interested parties, including bond counsel, and setting up records - including the issuance of bonds delivered at closing — $1,000.00

B. Authenticating Agent

| | |
|---|---|
| Administration Charge, Monthly | 100.00 |
| For each certificate issued | 1.40 |
| Processing transfers requiring supporting documentation | 5.00 |
| Processing request and documentation for lost or stolen bonds, each transaction (not per-certificate) | 15.00 |
| Furnishing transfer reports semiannually | No charge |

C. Account Maintenance

| | |
|---|---|
| For each account maintained based on number of accounts maintained at the beginning of each billing period, plus all new accounts added | 1.00 |
| Annual Minimum | 100.00 |

D. Paying Agent

Interest Payments

| | |
|---|---|
| Minimum covering issuance of 50 checks per interest-payment date | 50.00 |
| Each additional check | .50 |

Principal Payments

| | |
|---|---|
| Payment of registered bond at maturity or by call per bond | 3.50 |

Out-of-pocket expenses are in addition to the fees quoted and are billed at cost. All agencies are billed annually. The acceptance fee is due within 60 days after settlement.

## CITY OF LUBBOCK

## $24,035,000
## General Obligation Refunding
## Bonds, Series 1992

## PURCHASE CONTRACT

April 10, 1992

THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS
City of Lubbock
1625 13th Street
Lubbock, Texas 79457

Dear Mayor and City Council Members:

The undersigned, on behalf of itself, Lehman Brothers and The Principal/Eppler, Guerin & Turner, Inc. (the "Underwriters"), offers to enter into this Purchase Contract with the City of Lubbock, Texas (the "City"). This offer is made subject to the City's acceptance of this Purchase Contract on or before 3:00 p.m., Central Daylight Savings Time on April 10, 1992.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and upon the basis of the representations set forth herein, the Underwriters hereby jointly and severally agree to purchase from the City, and the City hereby agrees to sell and deliver to the Underwriters an aggregate of $24,035,000 principal amount of City of Lubbock, Texas General Obligation Refunding Bonds, Series 1992 (the "Bonds"). The Bonds shall be dated April 1, 1992 and shall have the maturities and bear interest from their date at the rate or rates per annum as shown on the cover page of the Official Statement (hereinafter defined), such interest being payable on February 15, 1993, and semi-annually thereafter on August 15 and February 15 in each year. The purchase price for the Bonds shall be $23,735,527.20 (representing the par amount of the Bonds of $24,035,000 less an underwriter's discount on the Bonds of $193,481.75, and less original issue discount of $105,991.05, plus interest accrued on the Bonds from their date to the date of the payment for and delivery of the Bonds (the "Closing"). Exhibit A hereto is the Official Statement, including the cover page and Appendices thereto, of the City dated April 10, 1992, with respect to the Bonds. The Official Statement, including the cover page and Appendices thereto, as further amended only in the manner hereinafter provided, is hereinafter called the "Official Statement."

2. **Ordinance.** The Bonds shall be as described in and shall be issued and secured under the provisions of an ordinance adopted by the City on first reading on April 9, 1992, and on second and final reading on April 10, 1992 (the "Ordinance"). The Bonds shall be subject to redemption and shall be payable as provided in the Ordinance.

3. **Public Offering.** It shall be a condition of the obligation of the City to sell and deliver the Bonds to the Underwriters, and of the obligation of the Underwriters to purchase and accept delivery of the Bonds, that the entire principal amount of the Bonds authorized by the Ordinance shall be sold and delivered by the City and accepted and paid for by the Underwriters at the Closing. The Underwriters agree to make a bona fide public offering of all of the Bonds, at not in excess of the initial public offering prices, as set forth on the cover page of the Official Statement, plus interest accrued thereon from the date of the Bonds (except for the Capital Appreciation Bonds) and confirm in writing to the City the principal amount (or percentage of principal amount) of each maturity and the corresponding price for each maturity (or the yield from each maturity resulting from such price) at which the Bonds sold pursuant to such bona fide public offering. Unless otherwise notified in writing by the Underwriters by the Closing, the City can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") shall be the Closing. In the event such notice is so given in writing by the Underwriters, the Underwriters agrees to notify the City in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

4. **Security Deposit.** Delivered to the City herewith is a corporate check of Prudential Securities Incorporated payable to the order of the City in the amount of $240,000. The City agrees to hold such check uncashed until the Closing to ensure the performance by the Underwriters of their obligations to purchase, accept delivery of and pay for the Bonds at the Closing. Concurrently with the payment by the Underwriters of the purchase price of the Bonds, the City shall return such check to Prudential Securities Incorporated as provided in Paragraph 7 hereof. Should the City fail to deliver the Bonds at the Closing, or should the City be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Purchase Contract (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Purchase Contract, such check shall immediately be returned to the Prudential Securities Incorporated. In the event the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be retained by the City as and for full liquidated damages for such failure of the Underwriters and for any defaults hereunder on the part of the Underwriters. The Underwriters hereby agree not to stop or cause payment on said check to be stopped unless the City has breached any of the terms of this Purchase Contract.

5. **Official Statement.** The City hereby authorizes the Escrow Agreement, hereinafter defined, the Ordinance and the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and sale of the Bonds. The City hereby ratifies and confirms the use by the Underwriters in the offering of the Bonds prior to the date hereof of the Preliminary Official Statement for the Bonds dated March 27, 1992 and that the Preliminary Official Statement was "deemed final" by the City, as of the date of its initial mailing within the meaning, and for the purposes, of the Rule. The City agrees to cooperate with the Underwriters to provide a supply of final Official Statements within seven business days of the date hereof in sufficient quantities to comply with the Underwriter's obligations under applicable MSRB Rules and the Rule. The Underwriters will use their best efforts to assist the City in the preparation of the final Official Statement in order to ensure compliance with the aforementioned rules.

6. **Representations, Warranties and Agreements of City.** On the date hereof, the City represents, warrants and agrees as follows:

(a) The City is a municipal corporation, a political subdivision of the State of Texas and a body politic and corporate, and has full legal right, power and authority to enter into this Purchase Contract, and the Escrow Agreement, between the City and the Escrow Agent named in the Official Statement (the "Escrow Agreement"), to adopt the Ordinance, to sell the Bonds, and to issue and

deliver the Bonds to the Underwriters as provided herein and to carry out and consummate all other transactions contemplated by the Ordinance, the Escrow Agreement and this Purchase Contract;

(b) By official action of the City prior to or concurrently with the acceptance hereof, the City has duly adopted the Ordinance, has duly authorized and approved the execution and delivery of, and the performance by the City of the obligations contained in the Bonds, the Escrow Agreement and this Purchase Contract and has duly authorized and approved the performance by the City of its obligations contained in the Ordinance, the Escrow Agreement and in this Purchase Contract;

(c) The City is not in breach of or default under any applicable law or administrative regulation of the State of Texas or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument, except as may be disclosed in the Official Statement, to which the City is a party or is otherwise subject, which would have a material and adverse effect upon the business or financial condition of the City; and the execution and delivery of the Escrow Agreement and this Purchase Contract by the City and the execution and delivery of the Bonds and the adoption of the Ordinance by the City and compliance with the provisions of each thereof will not violate or constitute a breach of or default under any existing law, administrative regulation, judgment, decree or any agreement or other instrument to which the City is a party or is otherwise subject;

(d) All approvals, consents and orders of any governmental authority or agency having jurisdiction of any matter which would constitute a condition precedent to the performance by the City of its obligations to sell and deliver the Bonds hereunder will have been obtained prior to the Closing;

(e) At the time of the City's acceptance hereof and at the time of the Closing, the Official Statement does not and will not contain any 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;

(f) Between the date of this Purchase Contract and Closing, the City will not, without the prior written consent of the Underwriters, issue any additional bonds, certificates of obligation, notes or other obligations for borrowed money payable in whole or in part from ad valorem taxes, and the City will not incur any material liabilities, direct or contingent, relating to, nor will there be any adverse change of a material nature in the financial position of, the City;

(g) Except as described in the Official Statement, no litigation is pending or, to the knowledge of the City, threatened in any court affecting the corporate existence of the City, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Bonds, or the levy or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the Bonds, or in any way contesting or affecting the validity or enforceability of the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City, or any authority for the Bonds, the Ordinance, the Escrow Agreement, or this Purchase Contract or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement or materially and adversely affecting the financial condition of the City or the System;

(h) The City will cooperate with the Underwriters in arranging for the qualification of the Bonds for sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriters designate, and will use their best efforts to continue such

qualifications in effect so long as required for distribution of the Bonds; provided, however, that the City will not be required to execute a general consent to service of process or to qualify to do business in connection with any such qualification in any jurisdiction;

(i) The descriptions contained in the Official Statement of the Bonds, the Escrow Agreement and the Ordinance accurately reflect the provisions of such instruments, and the Bonds, when validly executed, authenticated and delivered in accordance with the Ordinance and sold to the Underwriters as provided herein, will be validly issued and outstanding obligations of the City entitled to the benefits of, and subject to the limitations contained in, the Ordinance;

(j) If prior to the Closing an event occurs affecting the City which is materially adverse for the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the City shall notify the Underwriters, and if in the opinion of the Underwriters such event requires a supplement or amendment to the Official Statement, the City will supplement or amend the Official Statement in a form and in a manner approved by the Underwriters' Counsel; and

(k) If, after the Closing and until twenty-five (25) days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the City agrees to notify Prudential Securities Incorporated (and for the purposes of this clause (k) to provide the Underwriters with such information as they may from time to time request), and to forthwith prepare and furnish, at its own expense (in a form and manner approved by Prudential Securities Incorporated), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law.

7. **Closing.** At 10:00 A.M., Central Daylight Savings Time, on May 6, 1992, the City will deliver the initial bond or bonds (as defined in the Ordinance) to the Underwriters and will have the Bonds available at The Depository Trust Company for immediate exchange, together with the other documents hereinafter mentioned, and the Underwriters will accept such delivery and pay the respective purchase prices of the Bonds as set forth in Paragraph 1 hereof in immediately available funds. Concurrently with such payment by the Underwriters, the City shall return to Prudential Securities Incorporated, the check referred to in Paragraph 4 hereof. Delivery and payment as aforesaid shall be made at the offices of Fulbright & Jaworski, 2800 Texas Commerce Bank Tower, 2200 Ross Avenue, Dallas, Texas 75201, or such other place, as shall have been mutually agreed upon by the City and the Underwriters. Delivery of the Bonds in definitive form shall be made at The Depository Trust Company New York, New York. The Bonds shall be delivered in fully registered form bearing CUSIP numbers without coupons with one Bond for each maturity registered in the name of CEDE & CO. be made available to Prudential Securities Incorporated at least one business day before the Closing for purposes of inspection.

8. **Conditions.** The Underwriters have entered into this Purchase Contract in reliance upon the representations and warranties of the City contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Contract to purchase and pay for the Bonds shall be subject to the performance by the City of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the City contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of Closing, as if made on the date of Closing;

(b) At the time of the Closing, the Ordinance and the Escrow Agreement shall be in full force and effect, and the Ordinance and the Escrow Agreement shall not have been amended, or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters;

(c) At the time of the Closing, all official action of the City related to the Ordinance and the Escrow Agreement shall be in full force and effect and shall not have been amended, modified or supplemented;

(d) The City shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(e) The City will purchase the government securities necessary to provide the funds needed to refund the City's outstanding obligations as contemplated by the Escrow Agreement;

(f) At or prior to the Closing, the Underwriters shall have received two copies of each of the following documents:

(1) The Official Statement of the City executed on behalf of the City by the Mayor and City Secretary of the City;

(2) The Ordinance certified by the City Secretary of the City under its seal as having been duly adopted by the City and as being in effect, with such changes or amendments as may have been agreed to by the Underwriters;

(3) An unqualified opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, in substantially the forms and substance of Appendix C to the Official Statement;

(4) An unqualified opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of Texas, approving the Bonds as required by law and a certificate of the Comptroller of Public Accounts of the State of Texas regarding the registration of the Bonds as required by law;

(5) The supplemental opinion, dated the date of Closing, of Fulbright & Jaworski, Bond Counsel to the City, addressed to the City and the Underwriters, to the effect that (A) in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions, "Bond Information," (except for the subcaption "Book-Entry Only System,") and the following subcaptions under the heading "Other Relevant Information" thereunder "Tax Exemption," "Tax Accounting Treatment of Original Issue Discount Bonds," and "Legal Investments and Eligibility to Secure Public Funds in Texas" and such firm is of the opinion that the information relating to the Bonds and the Ordinance contained under such captions in all respects accurately and fairly reflects the provisions thereof; and (B) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(6) The opinion of McCall, Parkhurst & Horton, as Underwriters' Counsel, dated the date of the Closing addressed to the Underwriters to the effect that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Ordinance is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended. The opinion of such Counsel shall also state that, based upon their participation in the preparation of the Official Statement, such Counsel has no reason to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, as to which no view need be expressed), as of the date of the Official Statement, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate, dated the date of Closing, signed by the Mayor and the City Attorney of the City, to the effect that (i) the representations and warranties of the City contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of such persons, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Ordinance, the Escrow Agreement or this Purchase Contract, or contesting the powers of the City or contesting the authorization of the Bonds or the Ordinance, or contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement (but in lieu of or in conjunction with such certificate the Underwriters may, in their discretion, accept certificates or opinions of the City Attorney that, in his or her opinion, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); and (iii) to the best of their knowledge, no event affecting the City has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect;

(8) A certificate, dated the date of Closing, of the Assistant City Manager for Financial Services of the City to the effect that there has not been any material and adverse change in the affairs or financial condition of the City or the System since September 30, 1990, the latest date as to which audited financial information is available;

(9) A certificate, dated the date of the Closing, of an appropriate official of the City to the effect that, on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Bonds, it is not reasonably expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended;

(10) A copy of a special report prepared by the independent Certified Public Accountants named in the Official Statement, addressed to the City, Bond Counsel, the Underwriters and Underwriters' Counsel verifying the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the bonds being refunded by the Bonds and the computation of the yield with respect to such securities and the Bonds;

(11) Evidence of the ratings on the Bonds shall be delivered in a form acceptable to the Underwriters; and

(12) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or the Underwriters may reasonably request to evidence the truth, accuracy and completeness, as of the date hereof and as of the date of Closing, of the City's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance and satisfaction by the City at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the City.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are satisfactory to the Underwriters.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds as set forth in this Purchase Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Underwriters nor the City shall be under further obligation hereunder, except that: (i) the check referred to in Paragraph 4 hereof shall be immediately returned to Prudential Securities Incorporated by the City, and (ii) the respective obligations of the City and the Underwriters set forth in Paragraphs 10 and 12 hereof shall continue in full force and effect.

9. **Termination.** The Underwriters may terminate their obligation to purchase at any time before the Closing if any of the following should occur:

(a) (i) Legislation (including any amendment thereto) shall have been introduced in or adopted by either House of the Congress of the United States, or recommended to the Congress for passage by the President of the United States or favorably reported for passage to either House of the Congress by any Committee of such House, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or (iii) an order, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which, in any such case described in clause (i), (ii), (iii), or (iv), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or upon income of the general character to be derived by the City, other than as imposed on the Bonds and income therefrom under the federal tax laws in effect on the date hereof, in such a manner as in the judgment of the Underwriters would materially impair the marketability or materially reduce the market price of obligations of the general character of the Bonds.

(b) Any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(c) (i) The Constitution of the State of Texas shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of Texas law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of Texas by an official, agency or department thereof, affecting the tax status of the City, its property or income, its bonds (including the Bonds) or the interest thereon, which in the judgment of the Underwriters would materially affect the market price of the Bonds.

(d) (i) A general suspension of trading in securities shall have occurred on the New York Stock Exchange, or (ii) the United States becomes engaged in any outbreak of armed hostilities (whether or not foreseeable at the time of execution hereof) or hostilities previously commenced shall escalate, the effect of which, in either case described in clause (i) and (ii), is, in the judgment of the Underwriters, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in this Purchase Contract and the Official Statement, including without limitation any material adverse effect on the market price of the Bonds.

(e) An event described in Paragraph 6(j) hereof occurs which, in the opinion of the Underwriters, requires a supplement or amendment to the Official Statement.

(f) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Texas.

(g) A lowering of the ratings initially assigned to the Bonds below "AAA" and "Aaa" by either Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, shall occur prior to Closing or failure to provide evidence of the confirmation of each rating.

(h) Any event occurs which prevents the United States Treasury Department from delivering on the Closing Date the State and Local Government Securities subscribed for by the City in connection with the issuance of the Bonds.

10. Expenses. (a) The Underwriters shall be under no obligation to pay, and the City shall pay, any expenses incident to the performance of the City's obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distribution of the Official Statement; (ii) the cost of the preparation and printing of the Bonds; (iii) the fees and expenses of Bond Counsel to the City; (iv) the fees and disbursements of the City's accountants, advisors, and of any other experts or consultants retained by the City; and (v) fees and premiums for bond ratings and bond insurance, respectively, and any travel or other expenses incurred incident thereto.

(b) The Underwriters shall pay: (i) all advertising expenses of the Underwriters in connection with the offering of the Bonds; (ii) the cost of the preparation and printing of all the underwriting documents, including this Purchase Contract and (iii) all other expenses incurred by them in connection with their offering and distribution of the Bonds, including the fees of Counsel to the Underwriters.

11. Notices. Any notice or other communication to be given to the City under this Purchase Contract may be given by delivering the same in writing at the address for the City set forth above, and any notice or other communication to be given to the Underwriters under this Purchase Contract may be given by delivering the same in writing to Prudential Securities Incorporated, 2121 San Jacinto, Suite 1900, Dallas, Texas 75201, Attention: Mr. John Thomas.

12. **Parties in Interest.** This Purchase Contract is made solely for the benefit of the City and the Underwriters (including the successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The City's representations, warranties and agreements contained in this Purchase Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters and (ii) delivery of any payment for the Bonds hereunder; and the City's representations and warranties contained in Paragraph 6 of this Purchase Contract shall remain operative and in full force and effect, regardless of any termination of this Purchase Contract.

13. **Effective Date.** This Purchase Contract shall become effective upon the execution of the acceptance hereof by the Mayor of the City and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

**PRUDENTIAL SECURITIES INCORPORATED**
**LEHMAN BROTHERS**
**THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC.**

**By**
**PRUDENTIAL SECURITIES INCORPORATED**

**By:** John W. Thomas

**Accepted:**

This 10th day of April, 1992

**By:** B. C. McMinn
**Mayor,**
**City of Lubbock, Texas**

**(SEAL)**

**Attest:**

Ranette Boyd
**City Secretary,**
**City of Lubbock, Texas**

**Exhibit A**

**Official Statement**

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

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 27, 1992

**NEW ISSUE - Book-Entry-Only**

**Ratings:**
**Moody's:**
**Standard & Poor's:**

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

# $24,005,000*
# CITY OF LUBBOCK, TEXAS
## (Lubbock County)
## GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992

**Dated: April 1, 1992** **Due: February 15, as shown below**

The $24,005,000* City of Lubbock, Texas (the "City") General Obligation Refunding Bonds, Series 1992 (the "Bonds") are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, Vernon's Annotated Texas Civil Statutes ("VATCS"), as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and an Ordinance (the "Ordinance") passed by the City Council. The Bonds are direct and general obligations of the City payable, both as to principal and interest, from an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property located within the City (see "Bond Information - Authority for Issuance and Security for Bonds").

Interest on the Bonds will accrue from April 1, 1992, and will be payable February 15 and August 15 each year, commencing February 15, 1993, and will be calculated on the basis of a 360-day year of twelve 30-day months. The City intends to utilize the Book-Entry-Only System of the Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer. See "Bond Information - Book-Entry-Only System" herein.

The initial Paying Agent/Registrar shall be the Texas Commerce Bank National Association, Lubbock, Texas (see "Bond Information - Paying Agent/Registrar").

Proceeds from the sale of the Bonds, together with certain other City funds, will be used to provide funds sufficient to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985 and to pay costs of issuance of the Bonds (see "Plan of Financing" and "Schedule I").

**MATURITY SCHEDULE**

| Amount | Maturity | Interest Rate | Yield or Price | Amount | Maturity | Interest Rate | Yield or Price |
|---|---|---|---|---|---|---|---|
| $ 40,000 | 1993 | | | $4,225,000 | 1999 | | |
| 1,340,000 | 1994 | | | 875,000 | 2000 | | |
| 1,320,000 | 1995 | | | 860,000 | 2001 | | |
| 4,705,000 | 1996 | | | 845,000 | 2002 | | |
| 4,530,000 | 1997 | | | 830,000 | 2003 | | |
| 4,435,000 | 1998 | | | | | | |

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part, on February 15, 1999, or any date thereafter, at the par value thereof, plus accrued interest to the date fixed for redemption (see "Bond Information - Redemption of Bonds").

The Bonds are offered when, as and if issued by the City and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, the approval of legality and tax exemption by Fulbright & Jaworski, Dallas, Texas, Bond Counsel, and the approving opinion of the Attorney General of the State of Texas. The legal opinion will be printed on the Bonds (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel for the Underwriters. It is expected that the Bonds will be available for delivery on or about May 6, 1992.

**PRUDENTIAL SECURITIES INCORPORATED** **LEHMAN BROTHERS**

**THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC.**

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

The information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The information and expressions of opinion herein 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 price and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

## TABLE OF CONTENTS



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

## CITY ADMINISTRATION

### Elected Officials

| City Council | Length of Service | Term Expires | Occupation |
|---|---|---|---|
| B.C. McMinn<br>Mayor | 6 Years | May, 1992 | Retired; Investments |
| T.J. Patterson<br>Mayor Pro-Tem | 8 Years | May, 1992 | Co-Publisher, SouthWest Digest |
| Joan Baker<br>Councilwoman | 12 Years | May, 1992 | Homemaker |
| M.J. Aderton*<br>Councilman | 2 Years | May, 1994 | Retired |
| Maggie Trejo<br>Councilwoman | 8 Years | May, 1994 | Homemaker |
| Bill Maloy<br>Councilman | 4 Years | May, 1992 | President, Sentry Property Management, Inc. |
| Vacancy** | | | |

* Mr. Aderton previously served as a Councilman for 6 years 1978-1984.
** Mr. Gary D. Phillips, a Councilman for 6 years, resigned as Councilman on February 27, 1992, in order to run for Mayor in the City election to be held May 2, 1992. The vacant position will be filled at the May 2, 1992, election for a term ending in May, 1994.

### Appointed Officials

| Name | Position | Length of Time in This Position | Length of Employment With City of Lubbock |
|---|---|---|---|
| Larry J. Cunningham | City Manager | 15 Years | 25 Years |
| Bob Cass | Deputy City Manager | 7 Years | 16 Years |
| John C. Ross, Jr. | City Attorney | 13 Years | 13 Years |
| Ranette Boyd | Secretary-Treasurer | 8 Years | 18 Years |
| J. Robert Massengale | Assistant City Manager for Financial Services | 9 Years | 12 Years |
| Rita P. Harmon | Assistant City Manager for Public Safety and Services | 9 Years | 16 Years |
| James E. Bertram | Assistant City Manager for Development Services | 9 Years | 22 Years |
| Carroll McDonald | Assistant City Manager for Utilities | 3 Years | 13 Years |
| Dan A. Hawkins | Director of Water Utilities | 3 Years | 4 Years |
| Don Bridgers | Chief of Police | 2 Years | 24 Years |

### Consultants and Advisors

Consulting Engineers for Lake Alan Henry . . . . . . . . . . Freese and Nichols, Inc.
Fort Worth, Texas

Consulting Engineers for Wastewater Treatment and Disposal Project . . . . . . . . . . Black & Veatch
Dallas, Texas

Auditors . . . . . . . . . . Coopers & Lybrand
Certified Public Accountants
Lubbock, Texas

Bond Counsel . . . . . . . . . . Fulbright & Jaworski
Dallas, Texas

Financial Advisor . . . . . . . . . . First Southwest Company
Dallas and Abilene, Texas

For additional information regarding the City, please contact:

Mr. J. Robert Massengale
Assistant City Manager
for Financial Services
City of Lubbock
P. O. Box 2000
Lubbock, TX 79457
(806) 767-2015

or

Mr. Joe W. Smith
First Southwest Company
P. O. Box 2754
Abilene, TX 79604-2754
(915) 672-8432

## SELECTED DATA FROM THE OFFICIAL STATEMENT

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

This data page was prepared to present the purchasers of the Bonds information concerning the Bonds, the revenues pledged to the Bonds, a description of the revenue base and other pertinent data, all as more fully described herein.

**The Issuer** . . . . . . . . . . . . . . . . . . . . . The City of Lubbock, Texas is a political subdivision located in Lubbock County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters on December 27, 1917, and amended from time to time. The Charter provides for the Council-Manager form of government for the City. The Mayor is elected at-large for a two year term ending in an even year. Each of the six members of the City Council resides in a separate single-member district and is elected by the qualified voters of this district for a four year term. The terms of three members of the City Council expire each even year. The Council formulates operating policy for the City while the City Manager is the chief administrative officer.

Lubbock is the County Seat of Lubbock County, Texas, and is located on the South Plains of West Texas approximately 320 miles west of Dallas. The City's 1990 U.S. Census population was 186,206 (1980 U.S. Census - 177,517). The City is approximately 104 square miles in area. Texas Tech University, a major State institution, is located in Lubbock.

**The Bonds** . . . . . . . . . . . . . . . . . . . . . The Bonds are being issued in the principal amount of $24,005,000* pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and an Ordinance passed by the City Council of the City (see "Bond Information - Authority for Issuance").

**Security for the Bonds** . . . . . . . . . . . . . The Bonds constitute direct and general obligations of the City payable from a continuing ad valorem tax levied against all taxable property within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law (see "Bond Information - Security for the Bonds").

**Optional Redemption** . . . . . . . . . . . . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part, on February 15, 1999, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "Bond Information - Redemption of Bonds").

**Tax Exemption** . . . . . . . . . . . . . . . . . . In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

**Use of Bond Proceeds** . . . . . . . . . . . . . . Proceeds from the sale of the Bonds, together with certain other City funds, will be used to provide funds sufficient to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985, and to pay costs of issuance of the Bonds (see "Plan of Financing" and "Schedule I").

**Payment Record** . . . . . . . . . . . . . . . . . The City has never defaulted.

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*Preliminary, subject to change.

## Selected Issuer Indices

| Fiscal Year Ended 9/30 | Estimated City Population | Taxable Assessed Valuation | Per Capita Taxable Assessed Valuation | General Purpose Funded Tax Debt (1) | Per Capita General Purpose Funded Tax Debt | Ratio General Purpose Funded Debt to Taxable Assessed Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 1988 | 190,017 (2) | $4,476,572,268 | 23,558 | $39,670,291 | $209 | 0.89% | 98.94% |
| 1989 | 191,403 (2) | 4,567,387,737 | 23,863 | 43,066,998 | 225 | 0.94% | 98.98% |
| 1990 | 186,206 (3) | 4,645,914,710 | 24,950 | 39,179,057 | 210 | 0.84% | 99.10% |
| 1991 | 187,137 (2) | 4,718,788,593 | 25,216 | 42,474,916 | 227 | 0.90% | 99.42% |
| 1992 | 187,493 (2) | 4,741,607,780 | 25,290 | 38,940,955*(4) | 208*(4) | 0.82%*(4) | 99.44%(5) |

(1) Excludes self-supporting general obligation debt (see "Valuation, Exemptions and Debt Obligations"; "Valuation and Funded Debt History" and "Computation of Self-Supporting Debt").
(2) Source: Estimates by City of Lubbock, Texas.
(3) 1990 U.S. Census.
(4) Anticipated.
(5) Collections for part year only, through 1-31-92.

*Preliminary, subject to change.

## OFFICIAL STATEMENT

**relating to**

**$24,005,000***
**CITY OF LUBBOCK, TEXAS**
**(Lubbock County, Texas)**
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992**

## INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance by the City of Lubbock, Texas (the "City") of its General Obligation Refunding Bonds, Series 1992 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Ordinance") except as otherwise indicated herein.

The City is a political subdivision of the State of Texas, organized and existing under the laws of the State of Texas. The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article 717k, Vernon's Annotated Civil Statutes ("VATCS"), as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and the Ordinance, passed by the City Council of the City of Lubbock (the "City Council") on the date of sale of the Bonds.

There follows in this Official Statement descriptions of the Plan of Financing, the Bonds and certain information about 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, First Southwest Company, Abilene and Dallas, Texas.

## PLAN OF FINANCING

### Purpose

The Bonds are being issued to provide funds sufficient, with certain other available funds of the City, to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985 (the "Refunded Bonds"), totaling $23,015,000 Refunded Bonds, and to pay costs of issuance of the Bonds (see "Schedule I"). The refunding will result in a debt service savings.

### The Refunded Bonds

Refunded Bonds . . . The Refunded Bonds, and interest due thereon, are to be paid on the scheduled interest payment dates and principal redemption dates from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and Texas Commerce Bank National Association, Lubbock, Texas (the "Escrow Agent").

The Ordinance provides that from the proceeds of the sale of the Bonds to the initial purchasers thereof and other available funds, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and make final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities").

KPMG Peat Marwick, a nationally recognized accounting firm, will verify at the time of the delivery of the Bonds to the initial purchasers thereof that the Federal 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 Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds.

*Preliminary, subject to change.

By the deposit of the Federal Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such defeasance and in reliance on the Accountant's Verification Report, the Refunded Bonds will no longer be payable from ad valorem taxes but will be payable solely from the principal of and interest on the Federal Securities and cash held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and are not to be included in or considered to be indebtedness of the City for the purpose of a limitation of indebtedness or taxation or for any other purpose.

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

**Sources and Uses of Funds**

The proceeds from the sale of the Bond will be applied approximately as follows:

| | |
|---|---|
| Sources: | |
| Principal amount of the Bonds | $________ |
| Accrued interest | ________ |
| Cash Contribution by City | ________ |
| Total Sources of Funds | $________ |
| Uses of Funds: | |
| Deposit to Escrow Fund | $________ |
| Deposit to Interest and Sinking Fund | ________ |
| Underwriters' Discount | ________ |
| Cost of Issuance | ________ |
| Original Issue Discount (1) | ________ |
| Total Application of Funds | $________ |

(1) If applicable.

## BOND INFORMATION

### Authority for Issuance

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, VATCS, and an Ordinance as authorized in the City Charter.

### General

Interest on the Bonds will accrue from April 1, 1992 and will be payable February 15 and August 15 of each year commencing February 15, 1993, and will be calculated on the basis of a 360-day year of twelve 30-day months.

### Security for Bonds

All taxable property within the City is subject to a continuing direct annual ad valorem tax levied, within the limits prescribed by law, by the City sufficient in amount to provide for the payment of principal and interest on the Bonds. The City operates under a Home Rule Charter as authorized by Article XI, Section 5 of the Constitution of the State of Texas. The Constitution permits the City to levy an ad valorem tax in an amount not to exceed $2.50 per $100 of assessed valuation on all taxable property within the City for all City purposes and the City Charter adopts these Constitutional provisions.

### Redemption of Bonds

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 1999, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Bondholder.

### Book-Entry-Only System

The Depository Trust Company, ("DTC") New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited purpose trust company organized 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 pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Ownership interest in the Bonds may be purchased by or through Participants. The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant. It is the responsibility of each Beneficial Owner to make the necessary arrangements with its DTC Participant. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the Bond acquired. Transfers of ownership interests in the Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds except as specifically provided in the Agreement with DTC for utilization of such Book-Entry-Only System (the "Agreement").

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein in the Ordinance, or in the Bonds, to the Bondowners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, bond certificates are required to be delivered as described in the Agreement. The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Bonds.

The City may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interest of the Beneficial Owners. In such event, certificates will be delivered as described in the Agreement.

The City and the Paying Agent/Registrar will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Each Beneficial Owner should ensure that it has made satisfactory arrangements with the appropriate DTC Participant.

Principal and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Each Beneficial Owner should ensure that it has made satisfactory arrangements with the appropriate DTC Participant.

### Paying Agent/Registrar

The initial Paying Agent/Registrar is Texas Commerce Bank National Association, Lubbock, Texas, and administration functions will be performed in Lubbock, Texas, but back-office functions (e.g., payments, transfers, exchanges, etc., will be handled in Houston, Texas. In the 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 while the Bonds are outstanding and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

### Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds 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 at the principal corporate trust office of Texas Commerce Bank National Association in Houston, Texas, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal corporate trust office of Texas Commerce Bank National Association in Houston, Texas, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds 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 Bonds to be cancelled, 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 registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds 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 Bonds.

### Limitation on Transfer of Bonds Called for Redemption

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange to an assignee of the owner of the Bonds any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

### Record Date for Interest Payment

The record date ("Record Date") for the interest payable 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 ("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 of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

### Bondholder Remedies

The Ordinance obligates the City Council to assess and collect an annual ad valorem tax sufficient to pay principal and interest when due on the Bonds and it also creates a pledge of such tax.

Although a registered owner could presumably obtain a judgment against the City if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the City. The registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The registered owner could be required to enforce such remedy on a periodic basis.

The enforcement of a claim for payment of principal of or interest on the Bonds, including the remedy of mandamus, and the validity of the pledge of taxes, would be subject to the applicable provisions of the federal bankruptcy laws affecting the rights of creditors of political subdivisions generally.

## TAX INFORMATION

### Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Lubbock Central Appraisal District. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. 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 VTCA, 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 also grant:

(1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;

(2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000.

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 $1,500 to a maximum of $3,000.

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

Nonbusiness personal property, such as automobiles, boats or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property.

Article VIII, Section 1-j of the Texas Constitution 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. The exemption became effective for the 1990-91 fiscal year and thereafter unless action to tax such property was taken prior to April 1, 1990. Decisions to continue the tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal. The City has taken action to tax freeport property.

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $16,700; the disabled are granted an exemption of $10,000.

The City has not granted an additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of $5,000.

The City does not tax nonbusiness vehicles; and the Lubbock Central Appraisal District collects taxes for the City of Lubbock.

**Valuation, Exemptions and Debt Obligations**

| | | |
|---|---|---|
| 1991 Market Valuation Established by Lubbock Central Appraisal District | | $4,950,267,095 |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Residence Homestead (Over 65 or Disabled) | $164,976,976 | |
| Disabled Veterans Exemptions | 3,341,441 | |
| Agricultural/Open-Space Land Use Reductions | 35,306,225 | |
| Value lost because property is exempted from taxation under the Property Redevelopment and Tax Abatement Act (1) | 5,034,673 | 208,659,315 |
| 1991 Taxable Assessed Valuation | | $4,741,607,780 |
| City Funded Debt Payable From Ad Valorem Taxes: (2) | | |
| General Obligation Debt (as of 2-29-92) (3) | $65,748,752 | |
| The Bonds | 24,005,000* | |
| 1992 Sewer System Certificates (4) | 34,520,000 | $ 124,273,752* |
| Less Self-Supporting Debt: (5) | | |
| Waterworks System General Obligation Debt | $ 34,655,719* | |
| Sewer System General Obligation Debt | 48,926,851* | |
| Solid Waste Disposal System General Obligation Debt | 1,115,227* | |
| Golf Course General Obligation Debt | 635,000 | 85,332,797* |
| General Purpose Funded Debt Payable From Ad Valorem Taxes | | $ 38,940,955* |
| Interest and Sinking Fund (as of 2-29-92) | | $ 517,370 |
| Ratio Total Funded Debt to 1991 Taxable Assessed Valuation | | 2.62%* |
| Ratio General Purpose Funded Debt to 1991 Taxable Assessed Valuation | | 0.82%* |

1992 Estimated Population — 187,493 (6)

Per Capita 1991 Taxable Assessed Valuation - $25,289.52

Per Capita General Purpose Funded Debt - $207.69*

(1) Article 1066f, VTCA, permits granting of tax abatements for qualifying businesses; the City has entered into one such agreement with McLane Foodservice-Lubbock, a division of McLane, Inc., Temple, Texas, an institutional food service distributor. The abatement, which began in the 1988 tax year, covers McLane's improved real property in the City of Lubbock. The contract provides for the agreement to expire when McLane Foodservice receives $770,000 in total tax abatement relief from all of the participants (collectively) or ten years, whichever comes first from date of execution, June 23, 1986; other participants in the abatement include Lubbock County, Lubbock County Hospital District, Lubbock Independent School District and the High Plains Underground Water Conservation District No. 1. Market value of the property is $6,015,985 and the taxable value of the property after abatement is $981,312 resulting in an abated value of $5,034,673.

(2) The statement of indebtedness does not include the outstanding $43,294,965 Electric Light and Power System Revenue Bonds as these bonds are payable solely from the net revenues of the System. The statement also does not include outstanding $625,000 Airport Revenue Bonds, as these bonds are payable solely from gross revenues derived from the City of Lubbock Airport. The Waterworks System and the Sewer System are unencumbered with Revenue Bond Debt.

(3) Excludes $23,015,000 outstanding General Obligation Bonds being refunded with proceeds of the Bonds (see "Schedule I, Schedule of Refunded Bonds"). Includes $1,655,000 Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation, Series 1991 (the "1991 Sewer System Certificates"), in process of delivery to the Texas Water Development Board ("TWDB"); proceeds are being used to pay costs of the "Project A" segment of the City's major wastewater treatment plant improvement program (see "State Revolving Fund ("SRF") Loan Program"). Debt service on the 1991 Sewer System Certificates is being provided from net revenues of the Sewer System and they are included in "Self-Supporting Debt", above.

*Preliminary, subject to change.

(4) The City anticipates delivering $34,520,000 Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation, Series 1992 (the "1992 Sewer System Certificates") to TWDB on or about June 9, 1992, under the City's commitment from TWDB for loans from the SRF. Proceeds of the 1992 Sewer System Certificates will be used to pay costs of the "Project B" segment of the City's major wastewater treatment plant improvement program. Debt service on the 1992 Sewer System Certificates will be provided from net revenues of the Sewer System and they are included in "Self-Supporting Debt", above. See "State Revolving Fund ("SRF") Loan Program", "Debt Service Requirements" and "Appendix A - The Sewer System".

(5) See "Computation of Self-Supporting Debt".

(6) Source: City of Lubbock, Texas.

**Taxable Assessed Valuations by Category**

| | Taxable Appraised Value For Fiscal Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 1992 | | 1991 | | 1990 | |
| Category | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $2,449,828,200 | 49.49% | $2,413,925,206 | 48.95% | $2,383,736,852 | 49.17% |
| Real, Residential, Multi-Family | 304,256,344 | 6.15% | 313,170,381 | 6.35% | 319,554,804 | 6.59% |
| Real, Vacant Lots/Tracts | 111,914,454 | 2.26% | 117,839,348 | 2.39% | 114,489,842 | 2.36% |
| Real, Acreage (Land Only) | 48,816,013 | 0.98% | 52,453,590 | 1.06% | 49,704,917 | 1.02% |
| Real, Farm and Ranch Improvements | 13,063,630 | 0.26% | 13,508,943 | 0.27% | 21,391,576 | 0.44% |
| Real, Commercial and Industrial | 1,073,602,333 | 21.69% | 1,076,715,771 | 21.84% | 1,063,031,842 | 21.93% |
| Real, Oil, Gas and Other Mineral Reserves | 25,638,500 | 0.52% | 22,182,456 | 0.45% | 17,009,395 | 0.35% |
| Real and Tangible Personal, Utilities | 147,789,832 | 2.98% | 153,608,032 | 3.12% | 153,052,116 | 3.16% |
| Tangible Personal, Commercial and Industrial | 755,234,901 | 15.26% | 745,511,197 | 15.12% | 696,846,104 | 14.37% |
| Tangible Personal, Other | 7,363,639 | 0.15% | 6,360,698 | 0.13% | 9,805,356 | 0.20% |
| Real Property, Inventory (1) | 12,759,249 | 0.26% | 15,746,173 | 0.32% | 19,736,977 | 0.41% |
| Total Appraised Value Before Exemptions | $4,950,267,095 | 100.00% | $4,931,021,795 | 100.00% | $4,848,359,781 | 100.00% |
| Less: Total Exemptions/Reductions | 208,659,315 | | 212,233,202(2) | | 202,445,071 | |
| Taxable Assessed Value | $4,741,607,780 | | $4,718,788,593 | | $4,645,914,710 | |

| | Taxable Appraised Value For Fiscal Year Ended September 30, | | | |
|---|---|---|---|---|
| | 1989 | | 1988 | |
| Category | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $2,346,063,915 | 49.30% | $2,311,452,929 | 49.59% |
| Real, Residential, Multi-Family | 331,959,071 | 6.98% | 349,669,150 | 7.50% |
| Real, Vacant Lots/Tracts | 100,449,123 | 2.11% | 104,432,370 | 2.24% |
| Real, Acreage (Land Only) | 68,423,836 | 1.44% | 63,791,046 | 1.37% |
| Real, Farm and Ranch Improvements | 15,765,945 | 0.33% | 18,862,566 | 0.40% |
| Real, Commercial and Industrial | 1,024,709,193 | 21.54% | 1,008,946,758 | 21.64% |
| Real, Oil, Gas and Other Mineral Reserves | 13,059,266 | 0.27% | 9,096,810 | 0.20% |
| Real and Tangible Personal, Utilities | 147,145,068 | 3.09% | 137,318,274 | 2.95% |
| Tangible Personal, Commercial and Industrial | 680,408,987 | 14.30% | 638,050,142 | 13.69% |
| Tangible Personal, Other | 12,548,767 | 0.26% | 19,785,495 | 0.42% |
| Real Property, Inventory (1) | 18,277,912 | 0.38% | -0- | 0.00% |
| Total Appraised Value Before Exemptions | $4,758,811,083 | 100.00% | $4,661,405,540 | 100.00% |
| Less: Total Exemptions/Reductions | 191,423,346 | | 184,833,272 | |
| Taxable Assessed Value | $4,567,387,737 | | $4,476,572,268 | |

(1) Residential inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder. This category initiated in 1988.

(2) Includes an audited adjustment of $6,919,621 in taxable values.

Note: Basis of assessment for all years is 100% of appraised (market) value. Taxable properties are revalued each year.

**Valuation and Funded Debt History**

| Fiscal Year Ended 9-30 | Estimated Population (1) | Taxable Assessed Valuation (2) | Taxable Assessed Valuation Per Capita | General Purpose Funded Tax Debt Outstanding at End of Year (3) | Ratio General Purpose Funded Debt to Taxable Assessed Valuation | General Purpose Funded Debt Per Capita |
|---|---|---|---|---|---|---|
| 1983 | 181,500 | $3,145,952,586 | $17,333 | $ 46,653,756 | 1.48% | $257 |
| 1984 | 182,103 | 3,233,722,496 | 17,758 | 47,257,744 | 1.46% | 260 |
| 1985 | 187,629 | 3,764,763,644 | 20,065 | 43,320,601 | 1.15% | 231 |
| 1986 | 188,283 | 4,012,901,338 | 21,313 | 39,848,682 | 0.99% | 212 |
| 1987 | 188,694 | 4,408,325,399 | 23,362 | 37,540,011 | 0.85% | 199 |
| 1988 | 190,017 | 4,476,572,268 | 23,558 | 39,670,291 | 0.89% | 209 |
| 1989 | 191,403 | 4,567,387,737 | 23,863 | 43,066,998 | 0.94% | 225 |
| 1990 | 186,206 | 4,645,914,710 | 24,950 | 39,179,106 | 0.84% | 210 |
| 1991 | 187,137 | 4,718,788,593 | 25,216 | 42,474,916 | 0.90% | 227 |
| 1992 | 187,493 | 4,741,607,780 | 25,290 | 38,940,955(4)* | 0.82%* | 208* |

(1) Source: City of Lubbock, Texas, except 1990 is U.S. Census.

(2) Basis of assessment for all years 100% of market value. All taxable property has been revalued each year.

(3) Funded Tax Debt less Self-Supporting Funded Tax Debt. Derivation of General Purpose Funded Tax Debt is:

| Fiscal Year Ending 9-30 | Funded Tax Debt Outstanding at End of Year | Less: Self-Supporting Funded Tax Debt | General Purpose Funded Tax Debt Outstanding at End of Year |
|---|---|---|---|
| 1983 | $ 81,500,000 | $ 34,846,244 | $ 46,653,756 |
| 1984 | 89,180,000 | 41,932,256 | 47,247,744 |
| 1985 | 82,535,000 | 39,214,399 | 43,320,601 |
| 1986 | 79,889,070 | 40,040,388 | 39,848,682 |
| 1987 | 78,279,070 | 40,739,059 | 37,540,011 |
| 1988 | 82,958,752 | 43,288,461 | 39,670,291 |
| 1989 | 86,898,752 | 43,831,754 | 43,066,998 |
| 1990 | 79,088,752 | 39,909,646 | 39,179,106 |
| 1991 | 95,783,752 | 53,308,836 | 42,474,916 |
| 1992 | 124,273,752* | 85,332,797* | 38,940,955* |

Note: For all years Self-Supporting Debt includes Waterworks System and Sewer System General Obligation Debt. 1988-1992 includes Golf Course General Obligation debt. 1991 and 1992 includes Solid Waste Disposal System General Obligation Debt. See "Valuation, Exemptions and Debt Obligations".

(4) Anticipated; includes the Bonds and the 1992 Sewer System Certificates (see "Valuation, Exemptions and Debt Obligations").

*Preliminary, subject to change.

**Tax Rate, Levy and Collection History**

| Fiscal Year Ended 9-30 | Tax Rate | Distribution General Fund | Economic Development | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|---|
| 1983 | $0.61 | $0.2791 | $0.05 | $0.2809 | $19,190,311 | 92.94% | 97.30% |
| 1984 | 0.61 | 0.2230 | 0.05 | 0.3370 | 19,725,707 | 95.32% | 97.94% |
| 1985 | 0.61 | 0.2105 | 0.05 | 0.3495 | 22,966,969 | 93.76% | 95.92% |
| 1986 | 0.60 | 0.2553 | 0.05 | 0.2947 | 24,077,408 | 94.16% | 96.60% |
| 1987 | 0.60 | 0.2762 | 0.05 | 0.2738 | 26,448,985 | 95.75% | 98.85% |
| 1988 | 0.61 | 0.2767 | 0.05 | 0.2833 | 27,303,606 | 95.94% | 98.96% |
| 1989 | 0.64 | 0.3171 | 0.05 | 0.2729 | 29,231,282 | 96.01% | 98.98% |
| 1990 | 0.64 | 0.3314 | 0.05 | 0.2586 | 29,733,854 | 96.15% | 96.10% |
| 1991 | 0.64 | 0.3468 | 0.03 | 0.2632 | 30,200,247 | 96.58% | 99.42% |
| 1992 | 0.64 | 0.3754 | 0.03 | 0.2346 | 30,397,225 | 93.47%(1) | 94.44%(1) |

(1) Collections for part year only, through January 31, 1992.

Property within the City is assessed as of January 1 of each year (except for business inventory which may, at the option of the taxpayer, be assessed as of September 1); taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Split payments are not permitted. Discounts are not allowed. Taxpayers 65 years of age or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

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

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

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge.

**Ten Largest Taxpayers**

| Name of Taxpayer | Nature of Property | 1991 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|---|
| Texas Instruments Incorporated | Electronics Manufacturer | $88,319,748 | 1.86% |
| South Plains Mall | Regional Shopping Mall | 72,274,002 | 1.53% |
| Southwestern Bell Telephone Company | Telephone Utility | 67,051,904 | 1.41% |
| Southwestern Public Service Company | Electric Utility | 40,716,906 | 0.86% |
| Furr's Incorporated | Retail Groceries | 24,962,107 | 0.53% |
| Plains Co-op Oil Mill | Agricultural Processing | 24,132,607 | 0.51% |
| Fleming Companies | Wholesale Groceries | 20,722,968 | 0.44% |
| Farmers Co-op Compress | Cotton Compress | 20,466,438 | 0.43% |
| First National Bank | Bank | 20,089,251 | 0.42% |
| Eagle-Picher Industries | Earth Moving Machines | 13,349,098 | 0.28% |
| | | $392,085,029 | 8.27% |

**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 Assessed Valuation for all City purposes. The City operates under a Home Rule Charter which adopts the constitutional provisions.

By each September 1 or as soon thereafter as practicable, 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 Tax Code:

The City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or 103% of the effective tax rate until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Tax Code. 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 following year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's values (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 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 re required to be offset by the revenue that will be generated by the sales tax in the current year. The City does not collect the additional one-half cent sales tax.

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

**Assessed Valuations, Tax Rates, Outstanding Debt and Authorized But Unissued Bonds of Overlapping Taxing Jurisdictions**

| Taxing Jurisdiction | 1991 Taxable Assessed Valuation | 1991 Tax Rate | Outstanding Tax Supported Debt As of 2-15-92 | Authorized But Unissued Debt As of 2-15-92 |
|---|---|---|---|---|
| Lubbock Independent School District | $4,349,847,667 | $0.5300 | $65,674,989 | $100,000 |
| Lubbock County | 5,684,516,639 | 0.1763 | 5,280,000 | 500,000 |
| Lubbock County Hospital District | 5,687,666,161 | 0.1095 | -0- | -0- |
| High Plains Underground Water Conservation District No. 1 | 5,687,666,161 | 0.0074 | -0- | -0- |
| Lubbock-Cooper Independent School District | 158,288,407 | 0.4980 | 5,430,000 | -0- |
| Frenship Independent School District | 430,276,751 | 0.3900 | 27,330,000 | -0- |
| Roosevelt Independent School District | 108,494,241 | 0.4300 | -0-0 | -0-0 |
| Idalou Independent School District | 112,247,470 | 0.3400 | 760,000 | -0- |
| New Deal Independent School District | 81,340,230 | 0.3333 | -0- | -0- |
| County Education District No. 6 | 5,025,220,277(1) | 0.7820 | -0- | -0- |

(1) Assessed Valuation is for the school districts in County Education District No. 6 that are assigned to Lubbock County by the Central Education Agency (Lubbock, Frenship, Idalou, Lubbock-Cooper, New Deal, Roosevelt, Shallowater and Slaton). County Education District No. 6 is comprised of Gaines, Borden, Dawson, Lubbock, Lynn, Terry and Yoakum Counties.

**Debt Service Requirements***

| Fiscal Year Ending 9-30 | Outstanding Debt(1) Principal | Outstanding Debt(1) Interest | Outstanding Debt(1) Total | The Bonds Principal | The Bonds Interest | The Bonds Total | Combined Requirements |
|---|---|---|---|---|---|---|---|
| 1992 | $8,675,000(2) | $7,183,411(3) | $15,858,411 | $ | $ | $ | $15,858,411 |
| 1993 | 8,265,000 | 4,313,079 | 12,578,079 | 40,000 | 1,768,486 | 1,808,486 | 14,386,565 |
| 1994 | 7,050,000 | 3,714,640 | 10,764,640 | 1,340,000 | 1,259,410 | 2,599,410 | 13,364,050 |
| 1995 | 6,585,000 | 3,177,541 | 9,762,541 | 1,320,000 | 1,199,585 | 2,519,585 | 12,282,126 |
| 1996 | 3,235,000 | 2,788,258 | 6,023,258 | 4,705,000 | 1,049,434 | 5,754,434 | 11,777,692 |
| 1997 | 3,114,434 | 2,692,746 | 5,807,180 | 4,530,000 | 810,588 | 5,340,588 | 11,147,768 |
| 1998 | 3,100,076 | 2,471,966 | 5,572,042 | 4,435,000 | 568,580 | 5,003,580 | 10,575,622 |
| 1999 | 3,091,493 | 2,249,000 | 5,340,493 | 4,225,000 | 326,205 | 4,551,205 | 9,891,698 |
| 2000 | 3,919,986 | 3,949,664 | 7,869,650 | 875,000 | 180,199 | 1,055,199 | 8,924,849 |
| 2001 | 3,544,442 | 3,252,855 | 6,797,297 | 860,000 | 128,805 | 988,805 | 7,786,102 |
| 2002 | 3,143,639 | 2,367,122 | 5,510,761 | 845,000 | 77,233 | 922,233 | 6,432,994 |
| 2003 | 2,979,682 | 1,712,472 | 4,692,154 | 830,000 | 25,730 | 855,730 | 5,547,884 |
| 2004 | 2,790,000 | 1,044,464 | 3,834,464 | | | | 3,834,464 |
| 2005 | 2,790,000 | 855,551 | 3,645,551 | | | | 3,645,551 |
| 2006 | 2,795,000 | 669,788 | 3,464,788 | | | | 3,464,788 |
| 2007 | 2,795,000 | 485,041 | 3,280,041 | | | | 3,280,041 |
| 2008 | 2,150,000 | 325,616 | 2,475,616 | | | | 2,475,616 |
| 2009 | 1,815,000 | 205,001 | 2,020,001 | | | | 2,020,001 |
| 2010 | 1,250,000 | 114,700 | 1,364,700 | | | | 1,364,700 |
| 2011 | 1,250,000 | 41,351 | 1,291,351 | | | | 1,291,351 |
| 2012 | 85,000 | 2,338 | 87,338 | | | | 87,338 |
| | $74,423,752 | $43,616,604 | $118,040,356 | $24,005,000 | $7,394,255 | $31,399,255 | $149,439,611 |

Interest on the Bonds has been calculated at estimated rates for purposes of illustration.

(1) Includes $1,655,000 1991 Sewer System Certificates (see "Valuation, Exemptions and Debt Obligations" and "State Revolving Fund ("SRF") Loan Program".

(2) This $8,675,000 principal paid on February 15, 1992.

(3) Includes $902,152 cash to be used in refunding.

*Preliminary, subject to change.

**Debt Service Requirements After Issuance of $34,520,000 1992 Sewer System Certificates* (1)**

| Fiscal Year Ending 9-30 | Outstanding Debt (After Issuance of The Bonds) Principal | Interest | Total | The 1992 Sewer System Certificates Principal | Interest | Total | Combined Requirements | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|
| 1992 | $8,675,000(2) | $ 7,183,411(3) | $15,858,411 | $ | $ | $ | $15,858,411 | |
| 1993 | 8,305,000 | 6,081,565 | 14,386,565 | | 2,246,677(4) | 2,246,677 | 16,633,242 | |
| 1994 | 8,390,000 | 4,974,050 | 13,364,050 | | 1,898,600 | 1,898,600 | 15,262,650 | |
| 1995 | 7,905,000 | 4,377,126 | 12,282,126 | 1,725,000 | 1,851,163 | 3,576,163 | 15,858,289 | |
| 1996 | 7,940,000 | 3,837,692 | 11,777,692 | 1,725,000 | 1,756,288 | 3,481,288 | 15,258,980 | 33.60% |
| 1997 | 7,644,434 | 3,503,334 | 11,147,768 | 1,725,000 | 1,661,413 | 3,386,413 | 14,534,181 | |
| 1998 | 7,535,076 | 3,040,546 | 10,575,622 | 1,725,000 | 1,566,538 | 3,291,538 | 13,867,160 | |
| 1999 | 7,316,493 | 2,575,205 | 9,891,698 | 1,725,000 | 1,471,663 | 3,196,663 | 13,088,361 | |
| 2000 | 4,794,986 | 4,129,863 | 8,924,849 | 1,725,000 | 1,376,788 | 3,101,788 | 12,026,637 | |
| 2001 | 4,404,442 | 3,381,660 | 7,786,102 | 1,725,000 | 1,281,913 | 3,006,913 | 10,793,015 | 63.92% |
| 2002 | 3,988,639 | 2,444,355 | 6,432,994 | 1,725,000 | 1,187,038 | 2,912,038 | 9,345,032 | |
| 2003 | 3,809,682 | 1,738,202 | 5,547,884 | 1,725,000 | 1,092,163 | 2,817,163 | 8,365,047 | |
| 2004 | 2,790,000 | 1,044,464 | 3,834,464 | 1,725,000 | 997,288 | 2,722,288 | 6,556,752 | |
| 2005 | 2,790,000 | 855,551 | 3,645,551 | 1,725,000 | 902,413 | 2,627,413 | 6,272,964 | |
| 2006 | 2,795,000 | 669,788 | 3,464,788 | 1,725,000 | 807,538 | 2,532,538 | 5,997,326 | 82.58% |
| 2007 | 2,795,000 | 485,041 | 3,280,041 | 1,725,000 | 712,663 | 2,437,663 | 5,717,704 | |
| 2008 | 2,150,000 | 325,616 | 2,475,616 | 1,725,000 | 617,788 | 2,342,788 | 4,818,404 | |
| 2009 | 1,815,000 | 205,001 | 2,020,001 | 1,725,000 | 522,913 | 2,247,913 | 4,267,914 | |
| 2010 | 1,250,000 | 114,700 | 1,364,700 | 1,725,000 | 428,038 | 2,153,038 | 3.517.738 | |
| 2011 | 1,250,000 | 41,351 | 1,291,351 | 1,730,000 | 333,025 | 2,063,025 | 3,354,376 | 96.03% |
| 2012 | 85,000 | 2,338 | 87,338 | 1,730,000 | 237,875 | 1,967,875 | 2,055,213 | |
| 2013 | | | | 1,730,000 | 142,725 | 1,872,725 | 1,872,725 | |
| 2014 | | | | 1,730,000 | 47,575 | 1,777,575 | 1,777,575 | 100.00% |
| | $98,428,752 | $51,010,859 | $149,439,611 | $34,520,000 | $23,140,085 | $57,660,085 | $207,099,696 | |

Interest on the 1992 Sewer System Certificates has been calculated at 5.50% (see "State Revolving Fund ("SRF") Loan Program").

(1) The 1992 Sewer System Certificates are anticipated to be delivered to the Texas Water Development Board on or about June 9, 1992 (see "Valuations, Exemptions and Debt Obligations").

(2) This $8,675,000 principal was paid on February 15, 1992.

(3) Includes $902,152 cash to be used in refunding.

(4) Interest calculated from June 9, 1992, the anticipated date of delivery.

*Preliminary, subject to change.

**Division of Debt Service Requirements***

| Fiscal Year Ending 9-30 | Combined Requirements | Less: Waterworks System General Obligation Requirements | Less: Sewer System General Obligation Requirements (1) | Less: Solid Waste Disposal General Obligation Requirements | Less: Golf Course Facilities General Obligation Requirements | General Purpose General Obligation Requirements |
|---|---|---|---|---|---|---|
| 1992 | $15,858,411 | $6,234,953 | $2,178,259 | $226,689 | $84,018 | $ 7,134,492 |
| 1993 | 16,633,242 | 5,469,314 | 4,434,192 | 195,873 | 85,642 | 6,448,221 |
| 1994 | 15,262,650 | 5,105,072 | 4,103,337 | 186,262 | 82,043 | 5,785,936 |
| 1995 | 15,858,289 | 4,679,575 | 5,630,058 | 175,911 | 83,218 | 5,289,527 |
| 1996 | 15,258,980 | 4,305,936 | 5,326,058 | 163,915 | 84,224 | 5,378,847 |
| 1997 | 14,534,181 | 4,066,903 | 5,166,514 | 156,328 | 85,302 | 5,059,134 |
| 1998 | 13,867,160 | 3,853,766 | 5,004,027 | 148,764 | 81,425 | 4,779,178 |
| 1999 | 13,088,361 | 3,601,257 | 4,831,431 | 140,848 | 82,400 | 4,432,425 |
| 2000 | 12,026,637 | 3,372,238 | 4,798,943 | 135,909 | 83,025 | 3,636,522 |
| 2001 | 10,793,015 | 3,063,379 | 4,246,484 | 122,130 | 83,300 | 3,277,722 |
| 2002 | 9,345,032 | 2,584,271 | 3,970,460 | 5,504 | 83,225 | 2,701,572 |
| 2003 | 8,365,047 | 2,242,056 | 3,741,195 | 3,431 | 82,800 | 2,295,565 |
| 2004 | 6,556,752 | 1,639,570 | 3,471,955 | | | 1,445,227 |
| 2005 | 6,272,964 | 1,561,746 | 3,336,723 | | | 1,374,495 |
| 2006 | 5,997,326 | 1,486,568 | 3,201,367 | | | 1,309,391 |
| 2007 | 5,717,704 | 1,412,395 | 3,065,836 | | | 1,239,473 |
| 2008 | 4,818,404 | 1,118,638 | 2,586,981 | | | 1,112,785 |
| 2009 | 4,267,914 | 1,029,524 | 2,461,233 | | | 777,157 |
| 2010 | 3,517,738 | 879,863 | 2,249,725 | | | 388,150 |
| 2011 | 3,354,376 | 833,288 | 2,155,038 | | | 366,050 |
| 2012 | 2,055,213 | | 2,055,213 | | | |
| 2013 | 1,872,725 | | 1,872,725 | | | |
| 2014 | 1,777,575 | | 1,777,575 | | | |
| | $207,099,696 | $58,540,312 | $81,665,329 | $1,661,564 | $1,000,622 | $64,231,869 |

(1) Includes the 1992 Sewer System Certificates.

*Preliminary, subject to change.

**Estimated Direct and Overlapping Funded Debt Payable From Ad Valorem Taxes (As of 2-15-92)**

Expenditures of the various taxing bodies within the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following statement of direct and estimated overlapping ad valorem tax bonds was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas with respect to "Total Funded Debt" and from information furnished by the Lubbock Central Appraisal District with respect to "Estimated % Applicable". 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 below may have issued additional bonds since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping funded debt of these various taxing bodies.

| Taxing Jurisdiction | Total Funded Debt | Estimated % Applicable | Overlapping Funded Debt |
|---|---|---|---|
| City of Lubbock | $38,940,955*(1) | 100.00% | $38,940,955* |
| Lubbock Independent School District | 65,674,989 | 98.55% | 64,722,702 |
| Lubbock County | 5,280,000 | 83.27% | 4,396,656 |
| Lubbock County Hospital District | -0- | 83.30% | -0- |
| Lubbock-Cooper Independent School District | 5,430,000 | 13.55% | 735,765 |
| Frenship Independent School District | 27,330,000 | 64.77% | 17,701,641 |
| Roosevelt Independent School District | -0- | 5.25% | -0- |
| New Deal Independent School District | -0- | 0.03% | -0- |
| Idalou Independent School District | 760,000 | 1.01% | 7,676 |

Total Direct and Overlapping Funded Debt $126,505,395*

Ratio of Direct and Overlapping Funded Debt

to Taxable Assessed Valuation . . . . . . . . . . 2.67%*

Per Capita Overlapping Funded Debt . . . . . . . . . . $674.72*

(1) General Purpose Funded Debt Payable From Ad Valorem Taxes.

*Preliminary, subject to change.

**Interest and Sinking Fund Budget Projection**

As explained in Notes (3) and (4) "Valuations, Exemptions and Debt Obligations" and under "State Revolving Fund ("SRF") Loan Program" the City is in the process of delivering $1,655,000 1991 Sewer System Certificates to the Texas Water Development Board ("TWDB") and anticipates delivering $34,520,000 1992 Sewer System Certificates to TWDB on or about June 9, 1992 ("SRF Debt"). Interest and Sinking Funds established for SRF Debt will be supported in full by monthly transfers from net revenues of the Sewer Fund. As a result the calculation of the "Interest and Sinking Fund Budget Projection", below, is designed to demonstrate the accumulation for SRF Debt separately from the City's provision for other general obligation debt service.

| | General Obligation Debt (excluding SRF)* | SRF Debt (Estimated) | Total Debt |
|---|---|---|---|
| Debt Service Requirements, Fiscal Year Ending 9-30-1992 | $15,808,411 | $ 50,000 (1) | $ 15,858,411 |
| Plus: Fiscal Agent, Tax Collection and Other Uses | 108,560 | -0- | 108,560 |
| | $15,916,971 | $ 50,000 | $ 15,966,971 |
| Sources of Funds: | | | |
| Interest and Sinking Funds, 9-30-91 | $ 302,965 | $ -0- | $ 302,965 |
| Budgeted Ad Valorem Tax Receipts | 10,884,324 | -0- | 10,884,324 |
| Budgeted Transfers: | | | |
| From Water Fund | 3,018,078(2) | -0- | 3,018,078 |
| From Solid Waste Fund | 226,692(2) | -0- | 226,692 |
| From Hotel-Motel Tax | 475,714 | -0- | 475,714 |
| Budgeted Interest on Investments | 1,490,000 | -0- | 1,490,000 |
| Estimated Accumulation of Allocations from Sewer Fund (including interest earnings on proceeds) | -0- | 583,183(3) | 583,183 |
| Estimated Accrued Interest Received on Delivery of the Bonds | 125,347 | -0- | 125,347 |
| Total Sources of Funds | $16,423,120 | $ 583,183 | $17,106,303 |
| Estimated Balance, 9-30-92 | $ 606,149 | $ 533,183 | $ 1,139,332 |

(1) Estimated interest due 8-15-92 on the 1991 Sewer System Certificates.
(2) See "Computation of Self-Supporting Debt": "Waterworks System" and "Solid Waste Disposal System".
(3) Reflects estimated monthly pro rata accumulation of principal due 2-15-93 and interest due 8-15-92 and 2-15-93.

**Computation of Self-Supporting Debt**

**Waterworks System (1)**

| | |
|---|---|
| Net System Revenue Available, Fiscal Year Ended 9-30-91 | $11,279,185 |
| Less: Revenue Bond Requirements, Fiscal Year Ending 9-30-92 | -0- |
| Balance Available for Other Purposes | $11,279,185 |
| System General Obligation Debt Requirements, Fiscal Year Ending 9-30-92 | 6,234,953* |
| Balance | $ 5,044,232* |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) Through Fiscal Year Ended 9-30-91 it has been the City's policy each Fiscal Year to transfer from Water Enterprise Fund surplus to the General Fund an amount at least equivalent to debt service requirements on Waterworks System General Obligation Debt. The City has no outstanding revenue bonds payable from a lien on the net revenues of the Waterworks System.

*Preliminary, subject to change.

Beginning with the current Fiscal Year Ending 9-30-92, the City has budgeted and commenced a three year planned shift to direct support of Waterworks System General Obligation Debt by transfer from Water Enterprise Fund surplus to the General Obligation Interest and Sinking Fund. For Fiscal Year Ending 9-30-92 Waterworks System General Obligation debt service is $6,324,953*; of this $3,018,078 is a budgeted transfer to the Interest and Sinking Fund and the $3,306,875* balance will be transferred to the General Fund. By Fiscal Year Ending 9-30-94 total Waterworks System General Obligation debt service will be provided by direct transfer to the Interest and Sinking Fund from Water Enterprise Fund surplus.

The three year staged shift is necessary to avoid exceeding the City's "rollback tax rate" (see "Tax Rate Limitation") as a portion of the Interest and Sinking Fund Tax Rate formerly levied for Waterworks System General Obligation debt service is shifted each year to the General Fund tax rate. The initial effect of this reallocation, for Fiscal Year Ending 9-30-92, can be seen under "Tax Rate, Levy and Collection History" and "Interest and Sinking Fund Budget Projection".

A "Rate Stabilization Fund" within the Water Enterprise Fund is accumulated from System net revenues; at 9-30-91 the balance in the rate stabilization account was $7,301,516.

See "Appendix A, General Information Regarding the City - The Waterworks System".

Sewer System (1)

| | |
|---|---|
| Net System Revenue Available, Fiscal Year Ended 9-30-91 | $6,278,623 |
| Less: Revenue Bond Requirements, Fiscal Year Ending 9-30-92 | -0- |
| Balance Available for Other Purposes | $6,278,623 |
| System General Obligation Debt Requirements, Fiscal Year Ending 9-30-92 | 2,178,259* |
| Balance | $4,100,364* |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) It has been the City's policy each Fiscal Year to transfer from Sewer Revenue Fund surplus to the General Fund amount at least equivalent to debt service requirements on Sewer System General Obligation debt; and this policy will continue for outstanding Sewer System General Obligation Debt except for the State Revolving Fund loans discussed below.

As discussed in "Valuation, Exemptions and Debt Information", "Interest and Sinking Fund Budget Projection" and "State Revolving Fund ("SRF") Loan Program" debt service on the $1,655,000 1991 Sewer System Certificates (now in process of delivery to TWDB) and the $34,520,000 1992 Sewer System Certificates (anticipated to be delivered to TWDB on or about 6-9-92) will be provided in full from net revenues of the Sewer System.

A "Rate Stabilization Fund" within the Sewer Enterprise Fund is accumulated from System net revenues; at 9-30-91 the balance in the rate stabilization account was $2,675,815.

See "Appendix A, General Information Regarding the City - the Sewer System".

Solid Waste Disposal System (1)

| | |
|---|---|
| Net System Revenue Available | $1,751,967 |
| Less: Revenue Bond Requirements, Fiscal Year Ended 9-30-92 | -0- |
| Balance Available for Other Purposes | $1,751,967 |
| System General Obligation Debt Requirements, Fiscal Year Ended 9-30-92 | 226,689* |
| Balance | $1,525,278* |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) Each Fiscal Year the City transfers from net revenues of the Solid Waste Enterprise Fund to the General Obligation Interest and Sinking Fund an amount equal to debt service requirements on System general obligation debt.

See "Appendix A, General Information Regarding the City - the Solid Waste Disposal System".

*Preliminary, subject to change.

**Golf Course Facilities (1)**

| | Fiscal Year Ending 9-30 | |
|---|---|---|
| | 1991 | 1992 Budgeted |
| Net System Revenue Available | $ 58,272 | 65,279 |
| Less: Revenue Bond Requirements | -0- | -0- |
| Balance Available for Other Purposes | $ 58,272 | $165,279 |
| System General Obligation Bond Requirements | 87,167 | 84,018 |
| Balance | $(28,895) | $ 81,261 |
| Percentage of System General Obligation Debt Self-Supporting | 66.85% | 100.00% |

(1) It is the City's policy each Fiscal Year to transfer from Golf Course Enterprise Fund surplus to the General Fund an amount at least equivalent to debt service requirements on Golf Course Facilities General Obligation debt. This transfer was made in Fiscal Year Ended 9-30-91 in the amount of $87,168; golf course facilities general obligation debt service was $87,167. The City has no outstanding revenue bonds payable from a lien on the revenues of the Golf Course Facilities.

Primarily because of major renovations and upgrading of golf course facilities, including equipment, net revenue was below the level of Golf Course Facilities General Obligation debt service requirements in Fiscal Year Ended 9-30-91. An increase in green fees and other charges, to be effective 4-1-92, and recent improvements that enhance the golf course have resulted in the ability to budget Golf Course Facilities General Obligation debt service as fully self-supporting.

See "Appendix A, General Information Regarding the City- the Golf Course Facilities".

**Authorized General Obligation Bonds**

| Purpose | Date Authorized | Amount Authorized | Amount Heretofore Issued | Unissued Balance |
|---|---|---|---|---|
| Waterworks System | 11-21-81 | $ 5,226,000 | $ 5,000,000 | $ 226,000 |
| Waterworks System | 10-17-87 | 2,810,000 | 200,000 | 2,610,000 |
| Sewer System | 5-21-77 | 3,303,000 | 2,175,000 | 1,128,000 |
| Sewer System | 10-17-87 | 2,535,000 | 2,535,000 | -0- |
| Street Improvements | 10-17-87 | 13,275,000 | 9,227,000 | 4,048,000 |
| | | $27,149,000 | $19,137,000 | $ 8,012,000 |

**Anticipated Issuance of Authorized General Obligation Bonds and Other Obligations**

The City has no current plans for the sale of authorized general obligation bonds or other general obligation debt other than that described below under "State Revolving Fund ("SRF") Loan Program".

However, the City anticipates the authorization and issuance of approximately $3,000,000 Combination Tax and Solid Waste Disposal System Revenue Certificates of Obligation prior to 9-30-92, the end of the current Fiscal Year; these Certificates will be self-supporting.

In addition, the City of Lubbock has applied to the Texas Department of Criminal Justice ("TDCJ") for the location of a TDCJ correctional facility in Lubbock; the City anticipates that TDCJ will make a final decision as to the location of new TDCJ correctional facilities by April 10, 1992. If Lubbock is awarded a correctional facility the City anticipates the authorization and issuance of approximately $4,000,000 general obligation Certificates of Obligation with the proceeds to be used in construction of the TDCJ correctional facility.

**Citizens Advisory Committee**

A City Council appointed Citizens Advisory Committee has studied a three year capital improvements program and reported to the City Council. It is anticipated that the City Council will call an election for the authorization of bonds for various purposes in the Fall, 1992.

**State Revolving Fund ("SRF") Loan Program**

The City has received a commitment from the Texas Water Development Board ("TWDB") for loans under SRF loan program to finance a major wastewater treatment and disposal improvement program. The City anticipates the eventual issuance of three separate series of Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation (the "Sewer System Certificates") to evidence these loans as follows:

| Project | Estimated Amount | Sewer System Certificate Series | Estimated Loan Closing Date | Anticipated Completion Date |
|---|---|---|---|---|
| A | $ 1,655,000(1) | 1991 | January, 1992 | May, 1993 |
| B | 34,520,000(2) | 1992 | June, 1992 | July, 1994 |
| C | 14,425,000 | 1993 | June, 1993 | May, 1995 |
| | $ 50,600,000 | | | |

Interest rate on the 1991 Sewer System Certificates is 5.50%; the interest rate on the 1992 Sewer System Certificates will be 5.50%, or, at the City's option, a short term floating rate with a fixed rate set later; the City is anticipating selecting a fixed 5.50% rate. Interest rates on the 1993 Sewer System Certificates will be set later by TWDB. Principal of each series of Certificates will mature in an approximately equal amount each year for a 20-year period beginning within one year after Project completion.

Debt service requirements on all Series of Sewer System Certificates will be paid from net revenues of the Sewer System and the Certificates will be self-supporting.

(1) Actual principal amount of the 1991 Sewer System Certificates; this loan closed in January, 1992, and the Certificates are in process of delivery to TWDB by installments as work progresses.

(2) Based on construction bids received March 10, 1992. The City anticipates delivery of the 1992 Sewer System Certificates will be made to TWDB on or about June 9, 1992.

**Funded Debt Limitation**

There is no direct funded debt limitation in the City Charter or under State law. The City operates under a Home Rule Charter that limits the maximum tax rate, for all City purposes, to $2.50 per $100 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 general obligation debt service.

**Other Obligations**

(1) The City has entered into lease agreements for the purpose of acquiring certain properties and equipment. As of February 15, 1992, capital leases were as follows:

| Payable from: | 1992 | 1993 | 1994 | 1995 | 1996-2012 | Interest | Balance Outstanding |
|---|---|---|---|---|---|---|---|
| General Government | | | | | | | |
| Telephone Equipment | $ 38,020 | $65,177 | $ 65,177 | $ 21,726 | $ -0- | $ (22,110) | $ 167,990 |
| Omnimax Theater | 540,000 | 90,000 | -0- | -0- | -0- | -0- | 630,000 |
| Total General Government | $578,020 | $155,177 | $ 65,177 | $ 21,726 | $ -0- | $ (22,110) | $ 797,990 |
| Enterprise Fund - Property | | | | | | | |
| Sewer-Sprinkler Equipment | $ 1,499 | $ -0- | $ -0- | $ -0- | $ -0- | $ 15 | $ 1,514 |
| Golf-Golf Equipment | 28,551 | 48,944 | 48,944 | 44,865 | -0- | (19,742) | 151,562 |
| Solid Waste-Scraper | 39,019 | 66,890 | 66,890 | 66,890 | 5,574 | (31,984) | 213,279 |
| Airport-Hangar (leased to Federal Aviation Administration)* | 68,800 | 103,200 | 103,200 | 103,200 | 1,591,000 | (1,083,240) | 886,160 |
| Total Enterprise | $137,869 | $219,034 | $219,034 | $214,955 | $1,596,574 | $(1,134,951) | $1,252,515 |
| Combined Requirements | $715,889 | $374,211 | $284,211 | $236,681 | $1,596,574 | $(1,157,061) | $2,050,505 |

*The hangar was constructed to Federal Aviation Administration ("FAA") specifications in response to a FAA Request for Proposals. The hangar has a total area of 40,000 square feet of which 2,000 square feet is office space.

The City pays its lessor $8,600 monthly under its lease agreement. FAA leases the hangar from the City under a one year lease agreement commencing in March, 1992, with a base monthly lease payment of $9,900 and four one year renewal options (the fourth renewal option would extend the lease through February, 1997). Under the FAA lease, the City pays utility costs monthly and is reimbursed by FAA quarterly; building maintenance costs are paid by FAA.

It is the City's opinion that FAA will annually renew its lease for the successive four one year renewal options through February, 1997 and that FAA will continue occupancy after February, 1997, with future terms to be negotiated.

(2) Acquisition and Renovation of Sears Building . . . On October 15, 1982, the City of Lubbock entered into an agreement with the American State Bank, Lubbock ("American") to purchase the 96,810 square foot "Sears" building located in downtown Lubbock. Originally constructed by Sears, Roebuck & Co., the building and site were sold to the adjacent American State Bank following Sears construction of new facilities in South Plains Mall, Lubbock, several years ago. The City also acquired 3 additional sites near the Sears site for parking expansion in the future.

The City has renovated and remodeled approximately 55,000 square feet of the Sears building to house administrative and City Council functions, and this building is now the main Municipal Complex with parking space for 205 vehicles and a future expanded parking capability of 450 vehicles.

Budget for the project was $3,600,000:

| | |
|---|---|
| Acquisition of Sears building/site | $ 751,000 |
| Purchase of additional property | 302,925 |
| Renovation of 55,000 square feet | 2,201,849 |
| Contingencies and other costs | 344,226 |
| Total Cost | $3,600,000 |

Shown below is the "Sears Building Finance Schedule", which was prepared by the City of Lubbock. Salient elements of the City's agreement with "American" and the "Finance Schedule" includes:

(1) Advance Balance. Acquisition and remodeling cost of the Sears property was financed by advances from "American". Net advance balances are shown on a quarterly basis; actual balances to 1-15-92. $3,310,000 of the budgeted project cost of $3,600,000 was financed through the advance process. The $290,000 balance was allocated from Revenue Sharing Funds.

(2) Total Payment. Actual and future quarterly payments to "American" including interest quarterly at an annual rate of 12 3/4%. Final payment, 1-15-94, $2,917,818.

(3) Additional Site Acquisition. The City acquired 3 additional, adjacent sites for future parking expansion, paying $159,000 in cash and assuming payments on 3 notes. Payment of the $159,000 and combined payments on the 3 notes are demonstrated.

(4) Escrow Deposits. The City has deposited funds into an "Escrow Account" at "American" from which payments will be made to "American" as referred to in (2), above, and on the notes referred to in (3) above. Deposits totaled $3,288,000 and the "Escrow Account" is funded.

(5) Escrow Interest Earnings. "American" pays the City interest quarterly on the balance in the "Escrow Account" at the annual rate of 12 1/2%.

(6) Escrow Balance. The Escrow Balance at the end of any quarter will always exceed the Advance Balance.

(7) In the opinion of the City Attorney the financial arrangement with "American" described above does not constitute a legal debt of the City since funds will be pledged at all times and placed in the "Escrow Account" in amounts that, with interest earned, will exceed the outstanding Advance Balance throughout the life of the agreement.

Sears Building
Finance Schedule

| Year | Month | Advance Balance | Total Payment | Additional Site Acquisition | Escrow Deposits | Escrow Interest Earnings | Minimum Escrow Balance |
|---|---|---|---|---|---|---|---|
| 1982-83 | | | | | | | |
| | 10-15 | $ 751,000 | | $159,000 | $1,073,000 | | $ 914,000 |
| | 1-15 | 751,000 | $ 23,938 | 5,331 | | $ 28,563 | 913,294 |
| | 4-15 | 1,251,000 | 23,938 | 5,331 | 475,000 | 28,540 | 1,387,565 |
| | 7-15 | 1,751,000 | 39,876 | 5,331 | 475,000 | 43,361 | 1,860,719 |
| 1983-84 | | | | | | | |
| | 10-15 | 2,251,000 | 55,813 | 5,331 | 525,000 | 58,147 | 2,382,723 |
| | 1-15 | 2,824,001 | 93,750 | 5,331 | 575,000 | 74,460 | 2,933,102 |
| | 4-15 | 2,820,266 | 93,750 | 5,331 | | 91,659 | 2,925,680 |
| | 7-15 | 2,816,412 | 93,750 | 5,331 | | 91,428 | 2,918,027 |
| 1984-85 | | | | | | | |
| | 10-15 | 2,812,435 | 93,750 | 5,331 | | 91,188 | 2,910,134 |
| | 1-15 | 2,903,331 | 93,750 | 5,331 | 125,000 | 90,942 | 3,026,995 |
| | 4-15 | 2,902,125 | 93,750 | 5,331 | | 94,594 | 3,022,507 |
| | 7-15 | 2,900,880 | 93,750 | 5,331 | | 94,453 | 3,017,880 |
| 1985-86 | | | | | | | |
| | 10-15 | 2,899,596 | 93,750 | 5,331 | | 94,309 | 3,013,108 |
| | 1-15 | 2,898,270 | 93,750 | 5,331 | | 94,160 | 3,008,186 |
| | 4-15 | 2,896,903 | 93,750 | 5,331 | | 94,006 | 3,003,111 |
| | 7-15 | 2,895,491 | 93,750 | 5,331 | | 93,847 | 2,997,877 |
| 1986-87 | | | | | | | |
| | 10-15 | 2,894,035 | 93,750 | 5,331 | | 93,684 | 2,992,480 |
| | 1-15 | 2,892,532 | 93,750 | 5,331 | | 93,515 | 2,986,914 |
| | 4-15 | 2,890,982 | 93,750 | 5,331 | | 93,341 | 2,981,174 |
| | 7-15 | 2,889,382 | 93,750 | 5,331 | | 93,162 | 2,975,255 |
| 1987-88 | | | | | | | |
| | 10-15 | 2,887,731 | 93,750 | 5,331 | | 92,977 | 2,969,150 |
| | 1-15 | 2,886,027 | 93,750 | 5,331 | | 92,786 | 2,962,855 |
| | 4-15 | 2,884,270 | 93,750 | 5,331 | | 92,589 | 2,956,363 |
| | 7-15 | 2,882,456 | 93,750 | 5,331 | | 92,386 | 2,949,669 |
| 1988-89 | | | | | | | |
| | 10-15 | 2,880,584 | 93,750 | 5,331 | 40,000 | 92,177 | 2,982,765 |
| | 1-15 | 2,878,653 | 93,750 | 5,331 | | 93,211 | 2,976,895 |
| | 4-15 | 2,876,660 | 93,750 | 5,331 | | 93,028 | 2,970,842 |
| | 7-15 | 2,874,603 | 93,750 | 5,331 | | 92,839 | 2,964,600 |
| 1989-90 | | | | | | | |
| | 10-15 | 2,872,481 | 93,750 | 5,331 | | 92,644 | 2,958,163 |
| | 1-15 | 2,870,291 | 93,750 | 5,331 | | 92,443 | 2,951,525 |
| | 4-15 | 2,868,032 | 93,750 | 5,331 | | 92,235 | 2,944,679 |
| | 7-15 | 2,865,700 | 93,750 | 5,331 | | 92,021 | 2,937,619 |
| 1990-91 | | | | | | | |
| | 10-15 | 2,863,295 | 93,750 | 5,331 | | 91,801 | 2,930,339 |
| | 1-15 | 2,860,812 | 93,750 | 5,331 | | 91,573 | 2,922,831 |
| | 4-15 | 2,858,251 | 93,750 | 5,331 | | 91,338 | 2,915,088 |
| | 7-15 | 2,855,607 | 93,750 | 5,331 | | 91,097 | 2,907,104 |
| 1991-92 | | | | | | | |
| | 10-15 | 2,852,880 | 93,750 | 5,331 | | 90,847 | 2,898,870 |
| | 1-15 | 2,850,065 | 93,750 | 5,331 | | 90,590 | 2,890,378 |
| | 4-15 | 2,847,161 | 93,750 | 5,331 | | 90,324 | 2,881,622 |
| | 7-15 | 2,844,164 | 93,750 | 5,331 | | 90,051 | 2,872,591 |
| 1992-93 | | | | | | | |
| | 10-15 | 2,841,072 | 93,750 | 4,637 | | 89,768 | 2,863,973 |
| | 1-15 | 2,837,881 | 93,750 | 670 | | 89,499 | 2,859,052 |
| | 4-15 | 2,834,589 | 93,750 | 670 | | 89,345 | 2,853,977 |
| | 7-15 | 2,831,191 | 93,750 | 670 | | 89,187 | 2,848,744 |
| 1993-94 | | | | | | | |
| | 10-15 | 2,827,686 | 93,750 | 670 | | 89,023 | 2,843,347 |
| | 1-15 | 2,827,686 | 2,917,818 | 670 | | 88,855 | 13,714 |
| | | | $6,811,383 | $374,896 | $3,288,000 | $3,911,993 | |

**Pension Fund**

Texas Municipal Retirement System . . . All permanent, full time City employees who are not firemen and who were less than 55 years of age when employed by the City are covered by the Texas Municipal Retirement System. The System is a contributory, annuity-purchase type plan which is covered by a State statute and is administered by six trustees appointed by the Governor of Texas. The System operates independently of its member cities.

The City of Lubbock joined the System in 1950 to supplement Social Security. All City employees except firemen are covered by Social Security. Options offered under the System, and adopted by the City, include current, prior and antecedent service credits, ten year vesting, updated service credit, occupational disability benefits and survivor benefits for the spouse of a vested employee. An employee who retires receives an annuity based on the amount of the employees contributions over-matched two for one by the City. Employee contribution rate is 6% of gross salary. The City's contribution rate is calculated each year using actuarial techniques applied to experience. The 1992 contribution rate is 11.21%. Enabling statutes prohibit any member city from adopting options which impose liabilities that cannot be amortized over 25 years within a specified statutory rate.

On December 31, 1990, assets held by the System, not including those of the Supplemental Disability Fund which is "pooled", for the City of Lubbock were $67,453,028. Unfunded accrued liabilities on December 31, 1990, were $20,974,405, which is being amortized over the period 1991 through 2015. Total contributions by the City to the System in Fiscal Year Ending 9-30-91 were $4,242,319.

Firemen's Relief and Retirement Fund . . . City of Lubbock firemen are members of the locally administered Lubbock Firemen's Relief and Retirement Fund, operating under an act passed in 1937 by the State Legislature and adopted by City firemen, by vote of the department, in 1941. Firemen are not covered by Social Security.

The Fund is governed by seven trustees, three firemen, two outside trustees (appointed by the other trustees), the Mayor or his representative and the Assistant City Manager for Financial Services of the City. Execution of the act is monitored by the Firemen's Pension Commissioner, who is appointed by the Governor.

Benefits of retired firemen are determined on a "formula" or a "final salary" plan. Actuarial reviews are performed every three years, and the fund is audited annually. Firemen contribute 11% of full salary into the fund and the City must contribute a like amount; however, the City contributes on a basis of the percentage of salary which is a ratio adjusted annually that bears the same relationship to the firemen's contribution rate that the City's rate paid into the Texas Municipal Retirement System and FICA bears to the rate other employees pay into the Texas Municipal Retirement System and FICA. The City's contribution rate for 1992 is 15.1985%.

As of December 31, 1990, unfunded liabilities were $10,714,913 which is being amortized over a 27 year period beginning October, 1989.

The City contributed $1,223,592 to the Fund during Fiscal Year ended 9-30-91.

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* Sources: Texas Municipal Retirement System, Comprehensive Annual Financial Report for Year Ended December 31, 1990.

City of Lubbock, Texas.

**General Fund Revenues and Expenditures**

| | Fiscal Years Ended | | | | |
|---|---|---|---|---|---|
| Revenues | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Ad valorem Taxes | $16,213,919 | $14,911,385 | $14,329,641 | $12,538,368 | $12,044,707 |
| Sales Taxes | 15,907,117 | 15,530,468 | 15,059,072 | 13,960,077 | 12,563,905 |
| Franchise Taxes | 3,488,691 | 3,377,870 | 3,077,372 | 3,108,228 | 3,111,362 |
| Miscellaneous Taxes | 667,478 | 712,203 | 629,320 | 669,292 | 646,777 |
| Licenses and Permits | 768,924 | 719,979 | 613,668 | 579,369 | 628,144 |
| Intergovernmental | 1,227,449 | 1,511,791 | 1,179,271 | 1,124,237 | 1,104,585 |
| Charges for Services | 2,081,955 | 2,243,428 | 2,091,277 | 2,058,402 | 1,885,450 |
| Fines | 2,378,986 | 2,489,471 | 2,365,787 | 2,063,207 | 1,581,702 |
| Miscellaneous | 4,042,185 | 3,222,731 | 3,802,560 | 2,694,897 | 2,836,814 |
| Transfer from Other Funds and Other Financing Sources | 13,890,216 | 13,175,352 | 12,173,142 | 12,319,367 | 12,308,945 |
| Total Revenues and Transfers (From) | $60,666,920 | $57,894,678 | $55,321,110 | $51,115,444 | $48,712,391 |
| Expenditures | | | | | |
| General Government | $ 2,412,645 | $ 2,449,344 | $ 2,966,651 | $ 2,056,095 | $ 2,444,659 |
| Financial Services | 1,910,799 | 1,815,589 | 1,751,968 | 1,671,752 | 1,507,961 |
| Management Services | 2,579,610 | 2,500,230 | 2,113,725 | 2,202,132 | 2,031,032 |
| Development Services | 6,274,866 | 5,831,381 | 5,522,932 | 5,312,624 | 5,282,956 |
| Public Safety and Services | 42,247,744 | 39,968,470 | 37,432,994 | 34,111,128 | 33,088,839 |
| Non-Departmental | 29,532 | 265,108 | 16,761 | 52,602 | 38,438 |
| Transfer to Other Funds | 4,642,478 | 4,304,580 | 5,408,139 | 4,809,466 | 3,402,501 |
| Total Expenditures and Transfers (To) | $60,097,674 | $57,134,702 | $55,213,170 | $50,215,799 | $47,796,386 |
| Excess of Revenues and Transfers (From) Over Expenditures (To) | $569,246 | $759,976 | $107,940 | $899,645 | $916,005 |
| Adjustments | (64,212) | (22,969) | 292,597 | -0- | -0- |
| Fund Balance at Beginning of Year | 9,343,076 | 8,606,069 | 8,205,532 | 7,305,887 | 6,389,882 |
| Fund Balance at End of Year | $ 9,848,110 | $ 9,343,076 | $ 8,606,069 | $ 8,205,532 | $ 7,305,887 |
| Less: Reserves and Designations | (1,769,507) | (1,706,674) | (1,694,805) | (1,829,358) | (1,381,549) |
| Undesignated Fund Balance | $ 8,078,603 | $ 7,636,402 | $ 6,911,264 | $ 6,376,174 | $ 5,924,338 |

## Municipal Sales Tax History

The City has adopted the Municipal Sales and Use Tax Act, VATCS, 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 Bonds. 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. Revenue from this source, for the years shown, has been:

| Fiscal Year Ended 9-30 | Total Collected | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate | Per Capita* |
|---|---|---|---|---|
| 1982 | $10,939,663 | 61.79% | $0.408 | $61.36 |
| 1983 | 11,355,581 | 59.17% | 0.361 | 62.57 |
| 1984 | 12,480,746 | 63.27% | 0.386 | 68.54 |
| 1985 | 13,310,105 | 57.95% | 0.341 | 70.94 |
| 1986 | 12,953,236 | 53.80% | 0.323 | 68.80 |
| 1987 | 12,563,905 | 47.50% | 0.285 | 66.58 |
| 1988 | 13,960,077 | 51.14% | 0.312 | 73.47 |
| 1989 | 15,059,072 | 51.52% | 0.330 | 78.68 |
| 1990 | 15,530,468 | 52.23% | 0.334 | 83.40 |
| 1991 | 15,907,117 | 52.67% | 0.337 | 85.00 |

* Based on estimated population for all years except 1990 which is U.S. Census.

## Financial Policies

Basis of Accounting . . . The City's policy is to adhere to accounting principles as established by the Governmental Accounting Standards Board. For governmental funds, this is the modified accrual basis and for proprietary funds the accrual basis of accounting.

General Fund Balance . . . The City's objective is to achieve and maintain a General Fund balance equivalent to two months operating cost of the General Fund Budget. This should be sufficient to provide financing for necessary projects, unanticipated contingencies, and fluctuations in anticipated revenues.

Debt Service Fund Balance . . . A reasonable debt service fund balance is maintained in order to compensate for unexpected contingencies.

Budgetary Procedures . . . The City follows these procedures in establishing operating budgets:

1) Prior to August 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.

2) Public hearings are conducted to obtain taxpayer comments.

3) Prior to October 1, the budget is legally enacted through passage of an ordinance.

4) The City Manager is authorized to transfer budgeted amounts between departments and funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

5) Formal budgetary integration is employed as a management control device during the year for the General, Convention and Tourism, Criminal Investigation, and Capital Projects Funds. Budgets are adopted on an annual basis. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture and other contract provisions.

6) Budgets for General, Convention and Tourism, Criminal Investigation, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7) Appropriations for the General Fund lapse at year end. Unencumbered balances for the Capital Projects Funds continue as authority for subsequent period expenditures.

8) Budgetary comparisons are presented for the General Fund, Special Revenue Funds, and Capital Projects Funds in the combined financial statement sections of the Comprehensive Annual Financial Report.

Fund Investments . . . The City's investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government, obligations of U.S. Government agencies and insured or fully collateralized investments.

Insurance . . . Except for Airport liability insurance, the City is self-insured for liability, workers' compensation, and health benefits coverage. Insurance policies are maintained with large deductibles for fire and extended coverage and boiler coverage. An Insurance Fund has been established in the Internal Service Fund to account for insurance programs and budgeted transfers are made to this fund based upon estimated payments for claim losses.

At 1-31-92 the reserves had the following balances:

Reserve for self-insurance - health$2,049,389
Reserve for self-insurance - other than health$2,063,324

## OTHER RELEVANT INFORMATION

### Ratings

Moody's Investors Service, Inc. ("Moody's") has assigned to the Bonds a rating of "_____" and Standard & Poor's Corporation has assigned to the Bonds a rating of "_____". Such 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 or both of them, may have an adverse effect on the market price of the Bonds.

### Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporation. The statute, regulation, ruling, and court decisions on which such opinion is based are subject to change.

Interest on all tax-exempt obligations, including the Bonds, owned by a corporation will be included in such corporation's adjusted net book income for the 1989 tax year, or adjusted current earnings, for tax years beginning after 1989, for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust (REIT), or a real estate mortgage investment conduit (REMIC). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the Tax Reform Act of 1986 and the environmental tax imposed by the Superfund Revenue Act of 1986 will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The Tax Simplification Act of 1991, as proposed by the chairmen and the ranking minority members of the House Ways and Means Committee and the Senate Finance Committee, would amend the Code to require certain "large partnerships" to include in the computation of taxable income at the partnership level for partnership taxable years ending on or after December 31, 1992, interest on obligations such as the Bonds which otherwise would be excludable from gross income under Section 103(a) of the Code. Prospective purchasers of the Bonds who might be or become "large partnerships" should consult their own tax advisors regarding the tax consequences of owning the Bonds.

### Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for certain Bonds may be less than the principal amount payable on such Bond at maturity (the "Discount Bonds"). An amount equal to the difference between the initial pubic offering price of the Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the principal amount payable at maturity constitutes interest to the initial purchaser of such Discount Bonds. A portion of such interest, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bonds (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by the Tax Reform Act of 1986 and the environmental tax imposed by the Superfund Revenue Act of 1986, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or who have paid or incurred certain expenses allocable to tax-exempt obligations.

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

### Registration and Qualification of Bonds for Sale

The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### Legal Investments and Eligibility to Secure Public Funds in Texas

Section 9 of the Bond Procedures Act provides that the Bonds "shall constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees, and for the sinking fund of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas". Texas law further provides that if the Bonds have and maintain a current rating, as to investment quality, of not less than "A" or its equivalent, by a nationally recognized rating agency, the Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. **To determine whether the Bonds described herein are eligible to secure public deposits, reference should be made to current ratings shown herein under Ratings (see "Ratings").**

### Litigation

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

### Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to unqualified approval of the Attorney General of the State of Texas and Fulbright & Jaworski, Bond Counsel. Fulbright & Jaworski was not requested to participate, and did not take part in the preparation of the Official Statement except as hereinafter noted; and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions "Plan of Financing", "Bond Information", and the sub-captions "Tax Exemption" and "Tax Accounting Treatment of Original Issue Discount" under the caption "Other Relevant Information" in the Official Statement and such firm is of the opinion that the information relating to legal matters and to the Bonds and the Ordinance contained under such captions is accurate and correct in all material respects to the matters addressed under such captions. The legal fee to be paid to Fulbright & Jaworski in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas.

### Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at an aggregate discount of $________________________ from the initial offering price of the Bonds. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

### Verification of Arithmetical and Mathematical Computations

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the City relating to (a) Computation of forecasted receipts of principal and interest on the Acquired Obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) Computation of the yields on the Bonds and the Federal Securities was examined by KPMG Peat Marwick, certified public accountants. Such computations were based solely on assumptions and information supplied by First Southwest Company on behalf of the City. KPMG Peat Marwick has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

### Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the City's 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 Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

### Miscellaneous

All estimates, statements and assumptions in this Official Statement and the appendices hereto have been made on the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact and no representation is made that any of such statements will be realized.

The execution and delivery of this Official Statement by its Mayor was duly authorized by the City Council of the City on ________________________, 1992.

CITY OF LUBBOCK, TEXAS

By ________________________
Mayor

ATTEST:

By ________________________
City Secretary

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## SCHEDULE I

### CITY OF LUBBOCK, TEXAS
### SCHEDULE OF REFUNDED BONDS

| | $9,500,000 General Obligation Bonds, Series 1983 Dated May 15, 1983 Callable February 15, 1993 (1) | | $13,515,000 General Obligation Refunding Bonds, Series 1985; Dated November 15, 1985 Callable February 15, 1995 (2) | |
|---|---|---|---|---|
| Maturity April 15 | Principal Amount | Interest Rate | Principal Amount | Interest Rate |
| 1994 | $ 950,000 | 7.75% | $ | |
| 1995 | 950,000 | 7.90% | | |
| 1996 | 950,000 | 8.00% | 3,450,000 | 7.90% |
| 1997 | 950,000 | 8.00% | 3,380,000 | 8.00% |
| 1998 | 950,000 | 8.00% | 3,395,000 | 8.10% |
| 1999 | 950,000 | 8.00% | 3,290,000 | 8.20% |
| 2000 | 950,000 | 7.00% | | |
| 2001 | 950,000 | 7.00% | | |
| 2002 | 950,000 | 7.00% | | |
| 2003 | 950,000 | 7.00% | | |
| | $9,500,000 | | $13,515,000 | |

(1) Series 1983 original amount $18,775,000; amount outstanding March 1, 1992, $10,450,000. Maturities February 15, 1994 through 2003, totaling $9,500,000, shown above, have been duly called for redemption on February 15, 1993, and will be redeemed at their par value plus accrued interest to said date fixed for redemption.

(2) Series 1985 original amount $58,735,000 Current Interest Bonds; amount outstanding March 1, 1992, $25,190,000. Maturities February 15, 1996 through 1999, totaling $13,515,000, shown above, have been duly called for redemption on February 15, 1995, and will be redeemed at their par value plus accrued interest to said date fixed for redemption.

In addition, Series 1985 original amount $1,879,070 Capital Appreciation Bonds, maturing February 15, 2000 through 2003, are not subject to prior redemption and remain outstanding.

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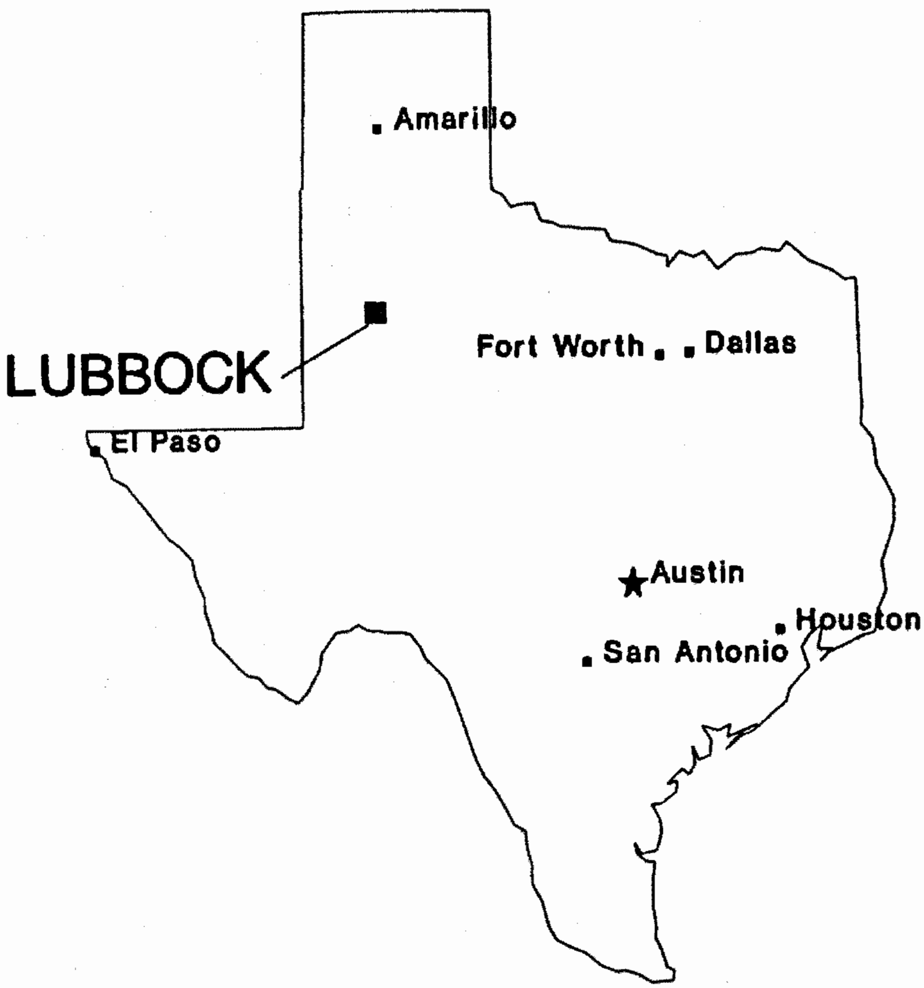
APPENDIX A

GENERAL INFORMATION REGARDING THE CITY



## Location

The City of Lubbock, County Seat of Lubbock County, Texas, is located on the South Plains of West Texas. Lubbock is the economic, educational, cultural and medical center of the area.

## Population

Lubbock is the ninth largest City in Texas:

| | City of Lubbock (Corporate Limits) |
|---|---|
| 1910 Census | 1,938 |
| 1920 Census | 4,051 |
| 1930 Census | 20,520 |
| 1940 Census | 31,853 |
| 1950 Census | 71,390 |
| 1960 Census | 128,691 |
| 1970 Census | 149,701 |
| 1980 Census | 173,979 |
| 1990 Census | 186,206 |
| **Metropolitan Statistical Area ("MSA") (Lubbock County)** | |
| 1970 Census | 179,295 |
| 1980 Census | 211,651 |
| 1990 Census | 222,636 |

## Agriculture

Lubbock is the center of a highly mechanized agricultural area with a majority of the crops irrigated with water from underground sources. Principal crops are cotton and grain sorghums with livestock a major additional source of agricultural income. Official 1990 cotton production in the 25-county area around Lubbock was 2,950,900 bales; 1989 production was 1,608,200 bales (source: Plains Cotton Growers, Inc., Lubbock, Texas). Three major vegetable oil plants located in Lubbock have a combined weekly capacity of over 1,869 tons of cottonseed and soybean oil. Several major seed companies are headquartered in Lubbock.

Over 200 manufacturing plants in Lubbock produce such products as semi-conductor products, vegetable oils, heavy earth-moving machinery, irrigation equipment and pipe, farm equipment, paperboard boxes, foodstuffs, mobile and prefabricated homes, poultry and livestock feeds, boilers and pressure vessels, automatic sprinkler system heads, structural steel fabrication and soft drinks.

## Lubbock MSA Labor Force Estimates

| | January 1992 (1) | December 1991 | November 1991 | January 1990 | December 1990 | November 1990 |
|---|---|---|---|---|---|---|
| Civilian Labor Force | 114,500 | 114,400 | 115,600 | 113,700 | 116,900 | 117,600 |
| Total Employment | 106,700 | 107,900 | 109,000 | 107,700 | 111,400 | 111,400 |
| Unemployment | 7,800 | 6,500 | 6,600 | 6,000 | 5,500 | 6,200 |
| Percent Unemployment | 6.8% | 5.7% | 5.7% | 5.3% | 4.7% | 5.3% |

(1) Subject to revision.

Source: Texas Employment Commission.

Estimated non-agricultural wage and salaried jobs in various categories as of January, 1992, were:

| | |
|---|---|
| Manufacturing | 7,100 |
| Mining | 200 |
| Construction | 3,400 |
| Transportation | 5,500 |
| Trade | 27,800 |
| Finance, Insurance and Real Estate | 4,700 |
| Services | 25,500 |
| Government | 23,400 |
| Total | 97,600 |

Some larger industries in Lubbock (with 300 employees or more) are:

| Company | Product | Estimated Employees February, 1992 |
|---|---|---|
| Texas Tech University | State University | 7,705* |
| TTU Health Sciences Center | Medical and Allied Health School | 3,264 |
| Methodist Hospital | Hospital | 3,200 |
| Lubbock Independent School District | Public Schools | 3,082 |
| Reese Air Force Base | U.S. Military Installation | 2,320** |
| City of Lubbock | City Government | 1,810 |
| University Medical Center | Hospital | 1,700 |
| St. Mary's Hospital | Hospital | 1,700 |
| Texas Instruments, Incorporated | Electronics Manufacturer | 1,300 |
| Lubbock State School | School for Mentally Retarded | 1,100 |
| United Supermarkets | Retail Groceries | 925* |
| Furr's Cafeterias | Cafeterias | 720 |
| U.S. Postal Service | Post Office | 655 |
| Fleming Companies, Inc. | Wholesale Groceries | 500 |
| Lockheed Corporation | Contract Aircraft Maintenance at Reese Air Force Base | 464 |
| Southwestern Bell Telephone Company | Telephone Utility | 450 |
| ARA Food Service | Food Broker | 429 |
| Supermarkets Incorporated | Retail Groceries | 400 |
| Texas Department of Human Services | State of Texas Agency | 400 |
| Lubbock Regional Mental Health and Mental Retardation Center | State of Texas Agency | 400* |
| Marriott Corporation | Hotel/Housekeeping and Hotel Management | 330* |
| Lubbock Avalanche-Journal | Daily Newspaper | 320 |
| Southwestern Public Service Company | Electric Utility | 300 |

* Full and part time.
** Military and civilian.

Source: Office of Economic Development, City of Lubbock, Texas.

**Education . . . Texas Tech University . . .**

Established in Lubbock in 1923, Texas Tech University is the fifth largest State-owned University in Texas and had a Spring, 1992, enrollment of 22,766. Accredited by the Southern Association of Colleges and Schools, the University is a co-educational, State-supported institution offering the bachelor's degree in 158 major fields, the master's degree in 107 major fields, the doctorate degree in 64 major fields, and the professional degree in 2 major fields (law and medicine).

The University proper is situated on 451 acres of the 1,829 acre campus, and has over 160 permanent buildings with additional construction in progress. Spring, 1992, faculty membership was 867 full-time and 720 part-time. Including the Health Sciences Center, the University's operating budget for 1991-92 is $360.3 million of which $166.9 million is from State appropriations; book value of physical plant assets, including the Health Sciences Center, is in excess of $562 million.

The medical school had an enrollment of 390 for Spring, 1992, not including residents; there are 33 graduate students. The School of Nursing had a Spring, 1992, enrollment of 307 including the Permian Basin Program, located in Midland/Odessa; there were 34 graduate students. The Allied Health School had a Spring, 1992, enrollment of 138.

## Other Education Information

The Lubbock Independent School District, with an area of 87.5 square miles, includes over 90% of the City of Lubbock. There are approximately 3,082 total employees, including 2,393 certified (professional) personnel and 689 other employees. The District operates five senior high schools, nine junior high schools, 40 elementary schools and other educational programs.

Scholastic Membership History*

| School Year | Student Membership | Refined Average Daily Attendance |
|---|---|---|
| 1986-87 | 29,490 | 27,837 |
| 1987-88 | 30,955 | 28,194 |
| 1988-89 | 30,828 | 28,159 |
| 1989-90 | 30,861 | 28,373 |
| 1990-91 | 30,684 | 28,101 |
| 1991-92 | 30,736 | N.A. |

* Source: Superintendent's Office, Lubbock Independent School District.

Lubbock Christian University, a privately owned, co-educational senior college located in Lubbock, had an enrollment of 1,029 for the Spring Semester, 1992.

South Plains College, Levelland, Texas (South Plains Junior College District) operates a major off-campus learning center in a downtown Lubbock, 7-story building owned by the College. College offerings cover technical/vocational subjects; Spring Semester, 1992, enrollment was 1,314. The College also operates a major off-campus learning center at Reese Air Force Base; course offerings are in primarily academic subjects; Spring Session, 1992, enrollment was 860.

The State of Texas School for the Mentally Retarded, located on a 226-acre site in Lubbock, consists of 40 buildings with bed-capacity for 440 students; 429 students were in residence in February, 1992. The School's operating budget for 1991/92 is in excess of $20.0 million; there are 987 professional and other employees.

## Transportation

Scheduled airline transportation at Lubbock International Airport is furnished by American Airlines, Delta Airlines, Southwest Airlines, Continental Express and American Eagle; non-stop service is provided to Dallas-Fort Worth International Airport, Dallas Love Field, El Paso, Austin, Amarillo and Albuquerque. 1991 passenger boardings totaled 561,588. Extensive private aviation services are located at the airport.

Rail transportation is furnished by the Atchison, Topeka and Santa Fe Railway Company and the Burlington-Northern, Inc. with through service to Dallas, Houston, Kansas City, Chicago, Los Angeles and San Francisco. Short-haul rail service is also furnished by the Seagraves, Whiteface and Lubbock Railroad. Texas, New Mexico and Oklahoma Bus Lines, a subsidiary of Greyhound Corporation, provides bus service. Several motor freight common carriers provide service.

Lubbock has a well developed highway network including Interstate 27 (Lubbock-Amarillo), 4 U.S. Highways, 1 State Highway, a controlled-access outer loop and a county-wide system of paved farm-to-market roads.

## Government and Military

Reese Air Force Base, located 5 miles west of Lubbock, is an undergraduate Jet Pilot Training Base of the Air Training Command. The Base covers over 3,000 acres and has approximately 1,499 military, 576 civilian and 683 contract personnel.

State of Texas . . . More than 25 State of Texas boards, departments, agencies and commissions have offices in Lubbock; several of these offices have multiple units or offices.

Federal Government . . . Several Federal departments and various other administrations and agencies have offices in Lubbock; a Federal District Court is located in the City.

## Hospitals and Medical Care

There are eight hospitals in the City with over 1,750 beds. Methodist Hospital is the largest and also operates an accredited nursing school. Lubbock County Hospital District, with boundaries contiguous with Lubbock County, owns the University Medical Center which it operates as a teaching hospital for the Texas Tech University Medical School. There are numerous clinics and over 400 practicing physicians and surgeons (M.D.) plus the Texas Tech University Medical School Staff, and over 90 dentists. A radiology center for the treatment of malignant diseases is located in the City.

## Recreation and Entertainment

Lubbock's Mackenzie Regional Park and over 65 City parks and playgrounds provide recreation centers, shelter buildings, a garden and art center, swimming pools, a golf course, tennis and volley ball courts, baseball diamonds and picnic areas, including the Yellowhouse Canyon Lakes system of four lakes and 500 acres of adjacent parkland extending from northwest to southeast Lubbock along the Yellowhouse Canyon. There are several privately-owned public swimming pools and golf courses, and country clubs.

The City of Lubbock has developed a 36 square block area of approximately 100 acres adjacent to downtown Lubbock under the Lubbock Memorial Civic Center program. Approximately 50 acres contain the 300,000 square foot Lubbock Memorial Civic Center, the main City library building and State Department of Public Safety offices; a 50 acre peripheral area has been redeveloped privately with office buildings, hotels and motels, a hospital and other facilities.

Available to residents are Texas Tech University programs and events, Texas Tech University Museum, Planetarium and Ranch Heritage Center exhibits and programs, Lubbock Memorial Civic Center and its events, Lubbock Symphony Orchestra programs, Lubbock Theatre Center, Lubbock Civic Ballet, Municipal Auditorium and coliseum programs and events, the library and its branches, the annual Panhandle-South Plains Fair, college and high school football, basketball and other sporting events; modern movie theatres.

## Churches

Lubbock has approximately 255 churches representing more than 25 denominations.

## Utility Services

Water and Sewer - City of Lubbock.

Gas - Energas Company.

Electric - City of Lubbock (Lubbock Power & Light) and Southwestern Public Service Company; and, in a small area, South Plains Electric Co-operative.

## Economic Indices (1)

| | | Utility Connections | | |
|---|---|---|---|---|
| Year | Building Permits | Water | Gas | Electric (LP&L Only)(2) |
| 1982 | $130,720,599 | 56,172 | 54,650 | 34,987 |
| 1983 | 230,440,777 | 58,034 | 54,927 | 37,282 |
| 1984 | 212,353,170 | 59,262 | 56,540 | 39,037 |
| 1985 | 168,740,229 | 60,051 | 56,600 | 40,506 |
| 1986 | 139,317,252 | 60,751 | 56,900 | 41,759 |
| 1987 | 100,046,309 | 61,027 | 57,266 | 42,696 |
| 1988 | 105,159,525 | 61,628 | 57,886 | 43,781 |
| 1989 | 105,363,072 | 61,857 | 60,312 | 44,518 |
| 1990 | 140,855,719 | 62,178 | 61,700 | 45,301 |
| 1991 | 131,333,756 | 62,267 | 60,803 | 46,245 |

(1) All data as of 12-31; Source: City of Lubbock.

(2) Electric connections are those of City of Lubbock owned Lubbock Power and Light ("LP&L") and do not include those of Southwestern Public Service Company or South Plains Electric Cooperative.

**Building Permits by Classification**

| Calendar Year | Residential Permits: Single Family No. Units | Single Family Value | Duplexes No. Permits (Units) | Duplexes Value | Apartments(1) No. Units | Apartments(1) Value | Total Residential No. Permits Units | Total Residential Value | Commercial, Public and Other Permits | Total Building Permits |
|---|---|---|---|---|---|---|---|---|---|---|
| 1982 | 733 | $56,023,000 | 34( 68) | $ 2,442,250 | 860 | $18,504,660 | 1,661 | $ 76,969,910 | $ 53,750,689 | $130,720,599 |
| 1983 | 1,166 | 88,830,755 | 135(720) | 11,786,500 | 2,520 | 59,356,586 | 3,956 | 159,973,841 | 70,466,936 | 230,440,777 |
| 1984 | 919 | 65,815,115 | 56(112) | 6,068,500 | 645 | 16,546,000 | 1,676 | 88,429,615 | 123,923,555 | 212,353,170 |
| 1985 | 601 | 50,100,350 | 33( 66) | 2,586,300 | 96 | 2,664,000 | 763 | 55,350,650 | 113,389,579 | 168,740,229 |
| 1986 | 599 | 49,329,236 | 7( 14) | 566,000 | -0- | -0- | 613 | 49,895,236 | 89,422,016 | 139,317,252 |
| 1987 | 508 | 44,466,937 | -0- | -0- | -0- | -0- | 508 | 44,466,937 | 55,579,372 | 100,046,309 |
| 1988 | 414 | 35,588,945 | -0- | -0- | -0- | -0- | 414 | 35,588,945 | 69,570,580 | 105,159,525 |
| 1989 | 368 | 31,345,375 | 6( 12) | 440,800 | -0- | -0- | 374 | 31,786,175 | 73,576,897 | 105,363,072 |
| 1990 | 368 | 35,652,140 | -0- | -0- | 8 | 416,000 | 376 | 36,068,140 | 104,787,579 | 140,855,719 |
| 1991 | 424 | 38,574,190 | -0- | -0- | -0- | -0- | 424 | 38,574,190 | 92,759,566 | 131,333,756 |

(1) Data shown under "No. Units" is for each individual apartment dwelling unit, and is not for separate buildings; includes triplex and quadruplex permits.

Source: City of Lubbock, Texas.

**The following information concerning the Waterworks System, the Sewer System, the Electric Light and Power System, the Airport System, the Solid Waste Disposal System and the Golf Course Facilities is for general information only.**

The Waterworks System

Water Supply . . . Currently, the primary source of water for Lubbock is the Canadian River Municipal Water Authority ("CRMWA") which delivers raw water from its Lake Meredith reservoir, located on the Canadian River about 50 miles north of Amarillo, to member cities through an underground aqueduct system. Lubbock is one of eleven member cities of CRMWA; other members are Amarillo, Pampa, Borger, Plainview, Slaton, Levelland, Brownfield, Tahoka, O'Donnell and Lamesa. Lubbock received 32,376 acre feet of water from CRMWA in Calendar Year 1991, approximately 86% of the City's total consumption. Cost of the project is being repaid to the Bureau of Reclamation by CRMWA through a reimbursable loan maturing annually through 2018; debt requirements are paid from revenues received by CRMWA from sale of water to member cities. Member cities make payments for water received from revenues derived from operation of their respective waterworks systems.

Other Water Supply Sources . . . Part of the City's water supply is obtained from 238 potable water wells, all producing from the Ogallala Acquifer, which underlies the High Plains of Texas. Combined capacity of these wells is over 45 million gallons per day. Primary wells are located in the "Sand Hills" area about 60 miles northwest of Lubbock in Lamb and Bailey Counties in which the City owns approximately 81,235 acres of water rights; the City has also contracted for the annual purchase of 1,260 acre feet of water from private sources adjacent to the Sand Hills tract. These ground water sources are used primarily for peaking purposes.

Lake Alan Henry . . . The Brazos River Authority ("BRA") on behalf of the City of Lubbock (the "City") is constructing a dam and reservoir on the South Fork of the Double Mountain Fork of the Brazos River ("Lake Alan Henry") about 60 miles southeast of Lubbock to enhance provision for long term water supply needs. The Texas Water Commission has granted a permit for impoundment at the reservoir site.

Future population and water demand estimates for Lubbock, projected by the Texas Department of Water Resources ("TDWR"), indicate that Lubbock's water use in high-use years is expected to increase to over 50 million gallons per day ("mgd") by 2040 assuming low population growth. Although historical population increases have not been as great as the TWDR population estimates, increased population and decreasing water supplies have required the City to pursue new sources of supply.

In 1978 Freese and Nichols, Inc., Consulting Engineers, estimated that Lake Alan Henry would have a firm yield of 26,100 acre-feet per year when the lake is first constructed, and 20,600 acre-feet per year after 50 years of operation. If the reservoir is operated with a variable rate of demand, an estimated average yield of 30,200 acre-feet per year could be withdrawn initially. After 50 years of operation, the variable demand yield would decrease to 27,000 acre-feet per year. This would provide Lubbock with a reliable water supply of 23.3 mgd and an average water supply of 26.9 mgd. Assuming a worst case scenario of: a 65 percent allocation from CRMWA (22.1 mgd), an average withdrawal from the Sand Hills Field (8.9 mgd), and a firm yield from Lake Alan Henry (23.3 mgd), Lubbock would have a reliable supply of 54.3 mgd which would be sufficient to meet projected normal water demands through about the year 2040. Based on the results of the water quality monitoring program by the United States Geological Survey and Lubbock, it was concluded that water in Lake Alan Henry would be of better quality than water from Lake Meredith.

The City has contracted with BRA (the "Contract") to construct the dam and water supply reservoir at the Lake Alan Henry site (the "Project") and construction commenced in 1991. The Project will provide Lubbock with an average of 26.9 mgd of municipal water supply. It is estimated that the Project will require two years to construct and three years to fill, based on average runoff conditions. At conservation storage the reservoir will contain 115,937 acre-feet of water; mean depth at conservation storage will be approximately 40 feet; maximum depth will be approximately 100 feet near the dam. The contributing drainage area is an estimated 394 square miles.

Total construction cost is estimated to be $54,639,000 and BRA has issued $56,655,000 Special Facilities (Lake Alan Henry) Revenue Bonds to provide funds for construction and establishment of reserve and repair and replacement funds. The Special Facilities Revenue Bonds are payable from net revenues derived from the operation and ownership of Lake Alan Henry, including payments to be made under the Contract to BRA.

Under the Contract Lubbock will buy and pay for the entire amount of water which can be supplied by the Project whether used or not. Payments to BRA during each Fiscal Year (beginning October 1 and ending September 30) shall equal the sum of:

(i) Capital costs (debt service) payable during such Fiscal Year; plus

(ii) Maintenance and Operation Costs as adjusted, which, by the Authority's estimates made prior to the beginning of such Fiscal Year, will be incurred during such Fiscal Year; plus

(iii) Management Fees for such Fiscal Year.

Payments under the Contract constitute operating expenses of the City's Waterworks System, payable from gross revenues of the Waterworks System.

Additional facilities, which may be financed by the City directly or by BRA as Additional Special Facility Revenue Bonds, will be required to transport and treat the water from Lake Alan Henry; such facilities are not included in the estimated construction costs shown above.

The System . . . Lubbock's Waterworks System is modern and efficient; property, plant and equipment are valued at $86,054,721, after depreciation and including cost of construction work in progress, at September 30, 1991. Equipment includes remote control and communication facilities with centralized operation and direction of the water supply system. The distribution system extends throughout the City and is designed for expansion. Present pumping capacity is 106 million gallons per day.

Storage capacity includes a 1,200 acre-foot open storage reservoir near the water treatment plant, which permits the storage of surplus water received from CRMWA in off-peak periods. In addition, 14 ground storage reservoirs and 4 elevated steel storage tanks provide storage capacity of 61,350,000 gallons, entirely adequate for peak hour and fire protection requirements.

Water Consumption

| Calendar Year | Average Daily Consumption (mgd)* | Maximum Consumption Day/Year (mgd)* |
|---|---|---|
| 1987 | 31.980 | 57.007 |
| 1988 | 34.981 | 60.399 |
| 1989 | 36.367 | 69.124 |
| 1990 | 36.408 | 79.003 |
| 1991 | 33.674 | 67.377 |

* The City has water sales contracts for the sale of treated water to Reese Air Force Base, the City of Lake Ransom Canyon and Lubbock County Water Control and Improvement District No. 1 (Buffalo Springs Lake); deliveries to these entities, averaging 0.706 mgd in 1991, are included in the above calculations.

Water Treatment Facilities . . . The water treatment plant for the treatment of raw water received from CRMWA has a design capacity of 61.4 mgd and a maximum hydraulic capacity of 75 mgd. The plant has a 1,200 acre-feet open storage reservoir which permits storage of raw water during "off-peak" periods and 2.0 million gallons ("mg") clearwell storage for treated water.

The plant also treats CRMWA raw water deliveries for the Cities of Brownfield, Lamesa, Levelland, O'Donnell, Slaton and Tahoka prior to CRMWA delivery to those cities. Under contractual agreements with these cities Lubbock is fully reimbursed for all costs of this treatment including capital costs and debt service; total percentage of participation in treatment plant costs by these cities is 20.34%. In Calendar 1991 deliveries from the plant totaled 12,544.17 mg of which 10,630.32 mg was for Lubbock and 1,913.85 mg was delivered to the other participating cities.

Lubbock's ground water supply does not require treatment (other than the addition of chlorine).

**Water Treatment Plant Improvement Program**

The waterworks treatment plant is being upgraded and improved with major financing provided from the proceeds of $16,120,000 Combination Tax and Waterworks System Subordinate Lien Revenue Certificates of Obligation, Series 1991. Objectives are to (1) enable the plant to comply with the Safe Drinking Water Act of 1986 ("SDWA") and (2) upgrade the plant for safety, maintenance and repair. Total estimated cost of the program is $17,070,000.

**Condensed Statement of Operations - Waterworks System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $21,821,722 | $19,668,087 | $16,660,193 | $15,381,553 | $13,713,018 |
| Non-Operating Revenues | 4,050,163 | 1,880,945 | 626,042 | 978,585 | 803,167 |
| Gross Revenues | $25,871,885 | $21,549,032 | $17,286,235 | $16,360,138 | $14,516,185 |
| Operating Expense (excluding depreciation) (1) | 14,592,700 | 11,310,532 | 9,758,878 | 9,494,108 | 9,863,218 |
| Net Revenues | $11,279,185 | $10,238,500 | $ 7,527,357 | $ 6,866,030 | $ 4,652,967 |
| Water Meters | 62,262 | 62,119 | 62,631 | 61,628 | 60,981 |

(1) Operating expense includes all payments to CRMWA and BRA.

Note: The City has no outstanding or authorized Waterworks System Revenue Bonds, however, there is $34,655,719* general obligation debt outstanding which was issued for Waterworks System purposes which is supported from net revenues of the System,.

**Water Rates (Monthly)**

| Water Consumption | | Present Rates Effective October 1, 1990 | Previous Rates Effective October 1, 1989 |
|---|---|---|---|
| First | 1,000 Gallons (Minimum) | $7.31 | $6.76 |
| Next | 49,000 Gallons (per thousand) | 1.53 | 1.28 |
| Next | 200,000 Gallons (per thousand) | 1.37 | 1.12 |
| All Over | 250,000 Gallons (per thousand) | 1.31 | 1.06 |

**The Sewer System**

The Sewer System is operated as a separate enterprise fund and is not combined with the Waterworks System.

The Collection System . . . The sanitary sewage collection system, handled separately from the storm drainage system, includes approximately 750 miles of trunk mains and collection lines with trunk mains installed for future expansion of the collection system.

Water Reclamation Facilities . . . Treatment facilities consist of the Southeast Plant, with an average daily flow design capacity of 25 million gallons and the Northwest Plant, with an average daily flow design capacity of 0.75 million gallons. The Southeast Plant uses two processes for treatment; trickling filter and activated sludge. The Northwest Plant uses the contact stabilization process for sewage treatment. Recent funding will provide for upgrading and expansion of the Southeast Plant which will permit the City to consistently comply with requirements of the Texas Water Commission for wastewater treatment and effluent disposal by irrigation of land-application sites.

Wastewater Flows . . .

| Calendar Year (1) | Northwest Plant (mgd) | Southeast Water Reclamation Plant (mgd) |
|---|---|---|
| 1987 | 0.424 | 17.36 |
| 1988 | 0.455 | 17.40 |
| 1989 | 0.389 | 18.35 |
| 1990 | 0.399 | 18.50 |
| 1991 | 0.324 | 18.80 |

(1) During the period 1987-1991 the recorded combined peak daily flow was 23.6 mgd.

*Preliminary, subject to change.

Effluent Disposal . . . Treated effluent is used for beneficial purposes; no effluent is presently discharged into streams. Treated effluent from the Northwest Plant is used to irrigate approximately 1,060 acres of farm land at Texas Tech University for agricultural research. Treated effluent from the Southeast Plant is used to irrigate two land-application sites:

(1) A site located adjacent to the City on the southeast, consisting of 5,800 acres owned by the City, currently being upgraded; storage capacity for effluent pending use for irrigation is 400 million gallons.

(2) A 3,400 acre privately owned farmland site near Wilson, Texas, approximately 15 miles southeast of Lubbock. There is storage capacity of 780 million gallons at this site for effluent pending its use for irrigation.

Southwestern Public Service Company has a contract with the City to use treated effluent from the Southeast Plant for cooling purposes in Southwestern Public Service Company's 512,000 kilowatt electric generating plant near Lubbock when the plant is in use.

Wastewater Treatment and Disposal Improvement and Expansion Project . . . The City is pursuing a comprehensive wastewater treatment and effluent disposal program that will upgrade and expand the Southeast Water Reclamation Plant, the City's major wastewater treatment facility. This program will enable the Plant to consistently comply with Texas Water Commission and United States Environmental Protection Agency permit requirements and provide treatment capacity to the design year 2010.

Effluent will continue to be disposed of through an enhanced land application system with alternative effluent discharges to the North Fork Double Mountain Fork, Brazos River, ("NFDMF Brazos River") below the plant.

The Project will be funded through loans from the Texas Water Development Board's ("TWDB") State Water Pollution Control Revolving Fund ("SRF") as follows:

| Year | SRF Loan* | Project | Brief Projection Description | Estimated Project Completion Date |
|---|---|---|---|---|
| 1991 | $ 1,655,000 | A (1) | Replace effluent pipeline to land application site with new 36" line | May, 1992 |
| 1992 | 34,520,000 | B (2) | One new activated sludge treatment plant; headworks facilities; solids handling facilities digester rehabilitation; administration maintenance building | July, 1994 |
| 1993 | 14,425,000 | C (3) | Discharge pipeline to NFDMF Brazos River; renovate and upgrade two existing treatment plants; convert existing administration building to a laboratory | May, 1995 |
| | $50,600,000 | | | |

* To be evidenced by a separate series of Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation for each loan (see "State Revolving Fund Loan Program" under "Anticipated Issuance of Authorized General Obligation Bonds and Other Obligations".

(1) In progress.
(2) Based on construction bids received March 10, 1992.
(3) Estimated; construction bids to be accepted March/April, 1993.

**Condensed Statement of Operations - Sewer System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $ 9,696,057 | $ 9,571,277 | $8,518,054 | $6,070,743 | $4,481,683 |
| Non-Operating Revenues | 720,169 | 763,549 | 579,026 | 300,024 | 520,311 |
| Gross Revenues | $10,146,226 | $10,334,826 | $ 9,097,080 | $6,370,167 | $5,001,994 |
| Operating Expenses (excluding depreciation) | 4,137,603 | 4,054,261 | 4,124,560 | 4,201,440 | 3,248,237 |
| Net Revenues | $ 6,278,623 | $ 6,280,565 | $4,972,520 | $2,169,237 | $1,753,757 |
| Sewer Meters (Estimated) | 62,262 | 62,119 | 62,631 | 61,628 | 60,981 |

Note: The City has no outstanding or authorized Sewer System Revenue Bonds; however, there is $48,926,851* general obligation debt outstanding (including $34,520,000 1992 Sewer System Certificates anticipated to be delivered to TWDB on or about 6-9-92) which was issued for Sewer System purposes and is supported by revenues of the System.

**Sewer Rates (Monthly)**

Residential

| Present Rates (Effective 9-30-91) | | | Previous Rates (Effective 1-1-89) | | |
|---|---|---|---|---|---|
| First | 3,000 gallons | $ 6.00 (Minimum) | First | 3,000 gallons | $5.60 (Minimum) |
| Next | 7,000 gallons | 0.75/M gallons | Next | 7,000 gallons | 0.68/M gallons |
| Over | 10,000 gallons | No additional charge | Over | 10,000 gallons | No additional charge |
| (Maximum Monthly Charge - $11.35) | | | (Maximum Monthly Charge - $10.36) | | |

Commercial/Industrial (1) (2)

| | | | | | |
|---|---|---|---|---|---|
| First | 3,000 gallons | $6.10 (Minimum)(3) | First | 3,000 gallons | $5.60 (Minimum) (3) |
| Over | 3,000 gallons | 0.75/M gallons | Over | 3,000 gallons | 0.68/M gallons |

(1) Includes universities, schools, geriatric institutions, orphan homes, public or private institutions, public schools, churches, multi-family residential and all other sewer service customers except individually metered residents.

(2) Industrial waste that excess allowable limits is subject to surcharges; surcharges for treating biochemical oxygen demand (B.O.D.) and suspended solids (S.S.) are:

| | | |
|---|---|---|
| B.O.D. | $0.0457/lb. | $0.1076/lb. |
| S.S. | $0.0272/lb. | $0.0918/lb. |

(3) Based on 5/8" or 3/4" meter; higher minimums for larger meters up to a maximum charge for a 10" meter of:

| | |
|---|---|
| $835.32 | $766.35 |

Discussion of Projected Sewer Rates

The City's present sewer rate structure is a modified user charge system based on water usage and surcharges for excessive strength contributions to the wastewater system (see "Sewer Rates", above).

*Preliminary, subject to change.

As part of the Wastewater Project to be financed with SRF loans the City will adopt a formal User Charge System by ordinance with rates and regulations in accordance with Federal regulations. The User Charge System is now under development by the City and its rate consultants, Ernst & Young, Denver, Colorado, but is not yet at a state that will permit a definitive descriptive analysis, but may be ready for adoption by October 1, 1992.

A sewer rate increase of approximately 9% was implemented effective 10-1-1991; this rate increase is designed to initially anticipate and provide for the additional debt service requirements incurred under the proposed SRF loan program. Whether the final User Charge System is in place or not further successive annual sewer rate increases of approximately 9% on 10-1-92 and 10% on 10-1-93 will provide for increasing levels of debt service.

## Lubbock Power and Light

Lubbock Power and Light ("LP&L") was established in 1916, and is presently the largest municipal system in the West Texas region and the third largest in the State of Texas. LP&L and Southwestern Public Service Company ("Southwestern"), a privately owned utility company operating within the corporate limits of the City, each provide electric service to residents and businesses of the City. Essentially all of the City is covered by both systems, each of which has parallel lines throughout the City; one small area is served exclusively by South Plains Electric Cooperative and one small area is served exclusively by LP&L. As of January, 1992, the System served 57.3% of all connections.

Southwestern was granted a new 20-year franchise in 1982. The company pays the City a franchise tax of 3% of its gross receipts which is deposited into the City's General Fund; LP&L makes an equivalent in lieu of payment to the General Fund of the City. As of January, 1992, Southwestern supplies power to approximately 43% of the customers in Lubbock.

LP&L generates part of its power requirements through the use of three generating stations located within the City. These plants are geographically separated and deliver bulk power to substations through a 69 kilovolt (kV) transmission loop system.

LP&L currently contracts for the purchase of 25 megawatts (MW) of power from Southwestern; power is delivered via two interconnections, each capable of delivering up to 100 MW to LP&L.

Generating Stations . . . The total generating capacity of LP&L is 220,500 kW. Gas turbine generators provide the system with 52,500 kW of ready reserve and quick-start generation for emergency and peaking service. A new high efficiency gas turbine at Texas Tech University (E.Z. Brandon Station) is base loaded. Generating units consist of the following:

| Manufacturer | Year Installed | Station | Prime Mover | Fuel | Generator Capacity in kW |
|---|---|---|---|---|---|
| Nordberg | 1946 | 2* | Diesel | Dual Fuel | 2,500 |
| Nordberg | 1947 | 2* | Diesel | Dual Fuel | 2,500 |
| Westinghouse | 1952 | 2* | Steam Turbine | Gas or Oil | 11,500 |
| Westinghouse | 1953 | 2* | Steam Turbine | Gas or Oil | 11,500 |
| Westinghouse | 1958 | 2* | Steam Turbine | Gas or Oil | 22,000 |
| Westinghouse | 1964 | Holly | Gas Turbine | Gas or Oil | 12,500 |
| General Electric | 1965 | Holly | Steam Turbine | Gas or Oil | 44,000 |
| Worthington | 1971 | Holly | Gas Turbine | Gas or Oil | 18,000 |
| General Electric | 1974 | Holly | Gas Turbine | Gas or Oil | 22,000 |
| General Electric | 1978 | Holly | Steam Turbine | Gas or Oil | 54,000 |
| General Electric | 1990 | E.Z. Brandon | Gas Turbine** | Gas or Oil | 20,000 |
| | | | | | 220,500 |

* Since the completion of the second interconnection with Southwestern Public Service, Station No. 2 has been kept on standby and is used for peak and emergency power purposes.

** High efficiency, cogeneration plant located at Texas Tech University; waste heat is used to produce steam which is sold to the University.

Interconnection . . . An interconnection with Southwestern was completed and LP&L commenced buying power from Southwestern in December, 1981. In April, 1986, a second interconnection with Southwestern was energized; each interconnection is capable of providing up to 100 MW to LP&L.

Purchased Power . . . LP&L's contract with Southwestern extends to December 31, 2004, with year to year extensions thereafter subject to five years notice of termination by either party. The contract provides for "firm power", "emergency energy" and "non-firm" energy; non-firm energy purchases by LP&L are made on an economic dispatch basis and are subject to Southwestern's sole discretion to make such sales. Southwestern is the only interconnection to LP&L's system; the City must give two years notice of intention to take power from another supplier. The City specifies its firm power requirements five years in advance subject to adjustment by plus or minus 30% at least one year in advance. LP&L has designated 25 MW for 1992, 30 MW for 1993, 40 MW for 1994 and 1995 and 45 MW for 1996. Southwestern will make such firm power and energy available to LP&L as specified, provided it has sufficient capacity in its existing facilities for any requested increase. Southwestern serves an area covering the Panhandle and South Plains of Texas and parts of eastern New Mexico with an integrated electric generating and distribution system.

Fuel Supply . . . Present primary fuel supply for LP&L's generating system is natural gas, which is supplied by Adobe Gas Pipeline Company, Adobe Gas Marketing Company and Prudential-Bache Energy Growth Fund; LP&L has other alternative gas supplies including in-ground reserves owned by LP&L. These major gas suppliers are under long term contracts which provide LP&L with maximum flexibility in securing the lowest cost energy at all times.

Secondary fuel in the form of fuel oil is maintained in storage in the City. LP&L's present storage capability of fuel oil, for standby, secondary fuel, is over 1,500,000 gallons, an adequate supply of fuel oil for 5 days operation; with expected re-supply, this period would the substantially extended. The 1978 Holly steam generator has a multi-fuel capability as it is designed to burn natural gas or all grades of fuel oil. In practice LP&L maintains approximately 600,000 gallons of fuel oil in storage due to the availability of purchased power and back-up gas supply.

Transmission and Distribution . . . A 69,000 volt (69 kV) transmission loop system, 71.41 miles in length, provides bulk power to ten 69,000/12470 bulk substations with a combined base capacity of 321 megavolt amps (MVA). With all cooling systems in operation, these substations could provide up to 482 MVA. Of the above 69kV transmission lines, 27.41 miles have been constructed for operation at 115 kV. When system load dictates, these lines will be energized to 115kV and provide an additional 250% of transmission capacity due to the increased voltage. LP&L also has two interconnections with Southwestern Public Service which can provide up to 200 MVA of additional power; these interconnections are tied to LP&L through 4.33 miles of 230 kV transmission lines.

The distribution system includes approximately 655 miles of overhead distribution lines and approximately 197 miles of underground distribution lines. There are six 12,470/4160 volt substations in the distribution system. Net system load for Fiscal Year Ended September 30, 1991, was 958,946,784 kilowatt hours (kWh) with a peak demand of 202,000 kW.

Continuing Transmission and Distribution System Improvement Program . . . A transmission and distribution system construction and improvement program using internally generated funds is in progress.

Substation Construction and Facilities Relocation Program . . . Proceeds of $7,500,000 Electric Light and Power System Revenue Bonds, Series 1991, sold April 25, 1991, are being used to:

(1) Construction a "South Substation" to meet expected load growth in south and southwest Lubbock and expected load growth along the I-27 corridor; this substation will also prevent future voltage problems in this region; this substation consists of two 15/20/25 MVA transformers with all required substation facilities, 69 kV transmission line extensions and 12.5 kV distribution feeder lines.

(2) East/West Freeway Clearing . . . The State's construction plans for an east/west freeway across Lubbock indicate that a major 69 kV transmission line along with numerous distribution lines will need to be relocated. The majority of these lines are located on or along existing public streets and alleys and consequently are not eligible for reimbursement by the Texas Department of Highways and will be relocated.

## Electric Rates

Electric rates in the City are set by City Council Ordinance and are the same for LP&L and Southwestern except for church, school and municipal rates, and minor variations in billing policies, and South Plains Electric Cooperative customers. Present rates became effective June 1, 1989.

**Selected Electric Rates (Effective 6-1-1989)**

| Residential | |
|---|---|
| Service Availability Charge | $ 4.66 per month |

All kWh per month @ 3.93¢ per kWh

Plus: Fuel Cost Recovery

| General Service | |
|---|---|
| Service Availability Charge: | $12.48 per month |
| First 1,000 kWh per month | 5.24¢ per kWh* |
| Next 6,000 kWh per month | 2.22¢ per kWh |
| Next 6,000 kWh per month | 1.05¢ per kWh |
| All additional kWh per month | 0.55¢ per kWh |

* Add to the 5.24¢ block 200 kWh for every kW of demand in excess of 10 kWs.

Demand: Measured as the customers kW demand for the 30-minute period of greatest use during the month.

Plus: Fuel Cost Recovery.

Minimum Charge: $12.98 per month for demand of 10 kW or less, plus $3.50 per kW for next 15 kW above 10 kW, plus $2.30 per kW for all additional kW. No demand shall be taken as less than 50% of highest demand established in 12 months ending with current month.

Fuel Cost Recovery

The charge per kilowatt hour shall be increased by a fuel factor per kilowatt hour as provided in current Southwestern Public Service Tariff 7100 (Public Utility Commission of Texas sheet IV-69). The fuel factor will remain constant for approximately one year. At this time the fuel factor is $0.020636/kWh. All rates are subject to fuel cost recovery.

**Condensed Statement of Operations - Electric Light and Power System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $49,142,119 | $49,271,634 | $49,285,975 | $49,102,951 | $44,514,574 |
| Non-Operating Income | 3,247,106 | 2,926,158 | 3,802,433 | 2,629,613 | 803,100 |
| Gross Revenues | $52,389,225 | $52,197,792 | $53,088,408 | $51,732,564 | $45,317,674 |
| Operating Expense (excluding depreciation) | 33,225,153 | 33,730,001 | 34,442,694 | 31,928,152 | 32,649,325 |
| Net Revenues | $19,164,072 | $18,467,791 | $18,645,714 | $19,804,412 | $12,668,349 |
| Electric Connections | 46,014 | 45,114 | 43,315 | 43,781 | 42,702 |

Maximum Principal and Interest Requirements, Electric System Revenue Bonds,
Fiscal Year Ending 9-30-92 . . . . . . . . . . $ 6,909,297
Coverage by Net Revenues, Fiscal Year Ended 9-30-91 . . . . . . . . . . 2.77 Times
Electric Light and Power System Revenue Bonds Outstanding 9-30-91 . . . . . . . . . . $ 43,294,965
Interest and Sinking Fund, 9-30-91 . . . . . . . . . . $ 5,880,712
Reserve Fund, 9-30-91 . . . . . . . . . . $ 3,413,183

## Airport System

The City has owned and operated its airport since 1929, with scheduled airline service beginning in 1946. Lubbock International Airport is located six miles north of the central business district and has an area of 3,148 acres, of which approximately 1,900 acres is used for farming and clear zones.

Scheduled Airline Service . . . Schedule airline transportation is furnished by American Air Lines, Delta Airlines, Southwest Airlines, Continental Express and American Eagle. Non-stop scheduled service is provided to Dallas-Fort Worth International Airport, Dallas Love Field, El Paso, Austin, Amarillo and Albuquerque. 1991 passenger enplanements were 561,558.

Lubbock International Airport Terminal . . . The terminal building contains approximately 222,000 square feet; the terminal houses airport administrative offices, airline offices and ticket counters, the baggage claim area, car rental offices, a restaurant and inflight meal preparation kitchen, air freight tenants, meeting and press rooms, and 9 jetway equipped gates for airline use. Parking capacity is 1,820, including 140 employees. The old terminal building has been converted to government and commercial office space and houses a Federal Aviation Administration ("FAA") Flight Standard District Service Office.

Runway System . . . The runway system consists of:

1 - 11,500' x 150', north/south, primary runway with high intensity lighting and a FAA-operated instrument landing system and other navigational aids;

1 - 8,000' x 150', east/west, cross-wind runway, with high intensity lighting and a FAA operated instrument landing system;

1 - 2,800' by 75' general aviation runway; and a taxiway system connecting the runways with aprons, the terminal and other facilities.

General Aviation Facilities . . . An 8,779 square foot building on the east side of the airport houses some general aviation services, a National Weather Service office and a U.S. Customs office. General aviation services are mainly available from two west-side located major fixed base operators who provide hangars, aprons, fuel sales and other services for private aviation. 100 T-Hangars house most of the approximately 200 private aircraft that are based at the airport. Construction was completed in February, 1991, on a $5.2 million dollar project, partially funded by Federal participation, to provide reconstruction of the west cargo ramp which provides aircraft parking space for air freight operations, two bypass taxiways to improve traffic flow for runway 17 right and new underground wiring for all lighted taxiways of the airport. This new construction serves both general and commercial aviation facilities.

Warehouse, Hangar and Land Rentals . . . The airport has five 16,000 square foot warehouses and six other warehouses for storage space rental.

A 40,000 square foot hangar was completed and leased to the FAA on March 9, 1992.

Industrial . . . Two steel companies, a research company and a manufacturing company are located at the airport.

**Condensed Statement of Operations - Airport**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $4,064,177 | $3,810,316 | $3,617,038 | $3,223,095 | $2,966,294 |
| Non-Operating Revenue | 266,237 | 208,665 | 55,518 | 146,809 | 113,182 |
| Gross Income | $4,330,414 | $4,018,981 | $3,672,556 | $3,369,904 | $3,079,476 |
| Operating Expense (excluding depreciation) | 3,618,409 | 3,192,614 | 3,222,437 | 3,038,175 | 2,785,283 |
| Net Revenue | $ 712,005 | $ 826,367 | $ 450,119 | $ 331,729 | $ 294,193 |

Maximum Principal and Interest Requirements, Airport Revenue Bonds,
Fiscal Year Ending 9-30-92 . . . . . . . . . . $ 118,258
Coverage by Net Revenue, Fiscal Year Ended 9-30-91 . . . . . . . . . . 6.02 Times
Airport Revenue Bonds Outstanding, 9-30-91 . . . . . . . . . . $ 625,000
Interest and Sinking Fund, 9-30-91 . . . . . . . . . . $ 51,084
Reserve Fund, Cash and Investments, 9-30-91 . . . . . . . . . . $ 300,000

**Solid Waste Disposal System**

The Solid Waste Disposal System, operated by the City's Solid Waste Management Department of the City of Lubbock, handles collection and disposal of both residential and commercial garbage in the City. The residential collection system services approximately 20,000 containers and 54,000 accounts. Service is provided twice weekly. Residential collection is provided through three cubic yard metal containers serviced in alleys by 30-yard packer, side loading trucks on 38 separate routes.

The commercial portion of the system provides collection for approximately 25% of the commercial solid waste in the City, with the remainder serviced by private contracts. Collection for approximately 320 commercial accounts is provided through two yard to eight yard metal containers picked up by 30-yard automated frontloading units, and collection for approximately 1,000 accounts is provided by the same type container and pickup equipment as residential customers. Basic service is collection twice weekly with additional service available at an extra charge.

The City does not provide collection of brush or bulky waste. System customers may deliver covered loads to the City's landfill.

Landfill and Disposal Operations . . . The City operates a Type 1 Landfill (Texas Department of Health permit #69) on a 320-acre site. The facility receives approximately 170,000 tons of solid waste annually, and has a remaining life of approximately six years. Refuse is deposited into cells, compacted, and covered with six inches of intermediate soil cover. Once a cell reaches maximum height, final cover is applied and the area is monitored by a series of wells and visual inspections.

The City is in the process of submitting a permit request to the Texas Department of Health which would allow expansion onto a 150 acre tract adjoining the present landfill site; the new permit would include all new and proposed landfill regulations.

The landfill currently operates as a defacto regional landfill; the City is negotiating interlocal landfill use agreements with six area communities. These agreements would include payment of a tipping fee plus collection of an additional $2.00 per ton surcharge. Purpose of the surcharge would be to create a cleanup fund in the event future cleanup of site was required, or the fund could be used for future landfill facilities.

Landfill Expansion Program . . . The landfill is being expanded by the acquisition of 150 acres of adjacent land together with purchase of several pieces of heavy equipment.

**Condensed Statement of Operations - Solid Waste Disposal System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $6,340,137 | $5,630,037 | $5,240,173 | $5,269,732 | $5,045,469 |
| Non-Operating Revenues | 361,452 | 158,154 | 24,028 | 89,134 | 57,777 |
| Gross Revenues | $6,701,589 | $5,788,191 | $5,264,201 | $5,358,866 | $5,103,246 |
| Operating Expense (excluding depreciation) | 4,949,622 | 4,340,042 | 4,440,521 | 4,400,138 | 4,450,446 |
| Net Revenues | $1,751,967 | $1,448,149 | $ 823,680 | $ 958,728 | $ 652,800 |
| Number Residential Customers | 51,999 | 51,568 | 51,380 | 52,194 | 52,155 |
| Number Commercial Customers | 1,337 | 1,322 | 1,336 | 1,216 | 1,170 |

Note: The City has no outstanding or authorized Solid Waste System Revenue Bonds, however, there is $1,115,227* general obligation debt outstanding which was issued for solid waste system purposes which is supported by revenues of the System.

*Preliminary, subject to change.

**Solid Waste Collection Rates (Monthly)**

(Residential (Twice Weekly Service)

| Monthly Rate | Effective Date |
|---|---|
| $8.50 | 10-1-91 |
| 9.00 | 4-1-92 (Scheduled increase) |

Commercial
(Effective 10-1-85)

| | |
|---|---|
| 2 yard container with twice a week service | $24.00 per month |
| 3 yard container with twice a week service | $36.00 per month |
| 4 yard container with twice a week service | $48.00 per month |
| 6 yard container with twice a week service | $72.00 per month |
| 8 Yard container with twice a week service | $96.00 per month |
| Extra Pickups for Commercial | $1.50 per yard per pickup |

Landfill Fees
(Effective 10-1-91)

| Size of Vehicle | |
|---|---|
| Pickup, small trailers (1/2 ton or less) | $ 4.25 |
| Bobtail trucks, pickups over 1/2 ton | 12.75 |
| Semitrailers | 21.75 |
| Container trucks and packer trucks: | |
| 20 cubic yards | 42.50 |
| 24 cubic yards | 51.00 |
| 28 cubic yards | 59.50 |
| 30 cubic yards | 63.75 |
| 32 cubic yards | 68.00 |
| 40 cubic yards | 85.00 |

The City may, at its option, supersede the above schedule with a charge per ton of waste of $8.50.

**Billings**

Customers of Lubbock's water, sewer and sanitation systems are billed simultaneously on one statement; if the customers is connected to the City's electric system, electric charges are also included. All customers who do not pay their bill within 22 days of the date it is mailed to them are charged a 5% late payment penalty. If the bill has not been paid on the next billing date, a statement is mailed showing the past due bill together with the current bill. If the bill remains delinquent 7 days after the date of the second statement, a reminder/cut-off notice is mailed. The cut-off notice specifies that service will be discontinued in 7 days if payment in full is not made. At the end of the 7 day period, a field collector calls on the customer and if he is unable to collect payment, service is cut off. The reconnection charge, including electric service if the customers is connected to the City's electric system, is $15.00 before 5:00 PM and $25.00 after 5:00 PM and during weekends and holidays.

**The Golf Course Facilities**

Meadowbrook Golf Course was established in 1954 and is owned and operated by the City as its municipal golf facility. Meadowbrook is a 36-hole golf facility (two 18-hole courses) encompassing approximately 260 acres of irrigated turf and improvements, including a clubhouse, driving range, maintenance barn, cart shed and a maintenance storage facility. Meadowbrook is located in Mackenzie Park, a City-owned regional park. Administration, maintenance and improvements to the land and facilities are the responsibility of the City of Lubbock.

**Condensed Statement of Operations - Golf Enterprise Fund**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | Budget 9-30-92 | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 |
| Operating Revenue | | | | | |
| Operating Revenue | $912,931 | $853,926 | $885,485 | $840,475 | $831,709 |
| Non-Operating Revenue | -0- | (635) | (19,619) | (23,406) | 29,989 |
| Gross Revenue | $912,931 | $853,291 | $865,866 | $817,069 | $861,698 |
| Operating Expense (excluding depreciation) | 747,652 | 795,019 | 856,886 | 743,458 | 767,860 |
| Net Revenues | $165,279 | $ 58,272 | $ 8,980 | $ 73,611 | $ 93,838 |
| Rounds of Golf | N.A. | 67,006 | 69,788 | 66,241 | 65,441 |

Note: The City has no outstanding or authorized Golf Course Facilities Revenue Bonds, however, there is $635,000 general obligation debt outstanding which was issued for golf course facilities which is supported by revenues of the Facilities.

Present daily greens fees are (1) weekdays - $7.00; (2) weekends - $9.00. On April 1, 1992, daily greens fees will change to (1) weekdays - $9.00; (2) weekends - $11.00.

## APPENDIX B

EXCERPTS FROM THE
CITY OF LUBBOCK, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 1991

The Information contained in this Appendix has been reproduced from the City of Lubbock, Texas Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 1991. The information presented represents only a part of the Annual Report and does not purport to be a complete statement of the City's financial condition. Reference is made to the complete Comprehensive Annual Financial Report for further information.

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LUBBOCK TEXAS

Coopers
&Lybrand

certified public accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable B. C. McMinn
Mayor of Lubbock
Members of City Council
City of Lubbock, Texas

We have audited the accompanying general purpose financial statements of the City of Lubbock, Texas, as of September 30, 1991, and for the year then ended, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lubbock, Texas, as of September 30, 1991, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lubbock, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Coopers & Lybrand

December 31, 1991
Lubbock, Texas

LUBBOCK TEXAS

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

### September 30, 1991
### With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| **Assets** | | | | | | | | | | | |
| Pooled cash and cash equivalents | $ 2,959,960 | $ 1,764,722 | $ 3,286,286 | $ 27,531,930 | $ 12,505,817 | $ 19,726 | $ 7,012,702 | $ 0 | $ 0 | $ 55,071,143 | $ 46,276,063 |
| Receivables (net, where applicable, of allowance for uncollectibles): | | | | | | | | | | | |
| Taxes, including interest, penalties, and liens | 3,104,501 | 65,476 | 363,930 | 0 | 0 | 0 | 0 | 0 | 0 | 3,533,907 | 3,598,015 |
| Accounts and notes | 966,824 | 441 | 0 | 0 | 6,219,914 | 5,018 | 0 | 0 | 0 | 7,192,197 | 7,634,937 |
| Interest | 268,044 | 1,692 | 79,492 | 34,938 | 17,423 | 0 | 0 | 0 | 0 | 401,589 | 957,136 |
| Due from other funds | 3,782,328 | 4,214 | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,811,542 | 3,775,560 |
| Due from other governments | 106,098 | 0 | 0 | 0 | 336,828 | 0 | 713,985 | 0 | 0 | 1,156,911 | 866,396 |
| Due from other agencies | 30,760 | 0 | 0 | 26,284 | 0 | 0 | 0 | 0 | 0 | 57,044 | 26,869 |
| Prepaid items | 134,970 | 11,001 | 0 | 0 | 82,552 | 0 | 0 | 0 | 0 | 228,523 | 67,906 |
| Advances to other funds | 1,436,383 | 0 | 0 | 0 | 4,076,012 | 0 | 0 | 0 | 0 | 5,512,395 | 3,787,394 |
| Inventory, at average cost | 150 | 0 | 0 | 0 | 566,424 | 3,016,344 | 0 | 0 | 0 | 3,582,918 | 3,220,471 |
| Restricted assets: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 0 | 0 | 0 | 118,732,233 | 5,741,755 | 0 | 0 | 0 | 124,473,988 | 64,467,573 |
| Accounts receivable | 0 | 0 | 0 | 0 | 70,387 | 68,700 | 0 | 0 | 0 | 139,087 | 217,322 |
| Interest receivable | 0 | 0 | 0 | 0 | 142,037 | 3,540 | 0 | 0 | 0 | 145,577 | 504,141 |
| Prepaid insurance | 0 | 0 | 0 | 0 | 0 | 107,184 | 0 | 0 | 0 | 107,184 | 200,681 |
| Deferred charge | 0 | 0 | 0 | 0 | 1,147,462 | 0 | 0 | 0 | 0 | 1,147,462 | 1,143,966 |
| Fixed assets (net of accumulated depreciation) | 0 | 0 | 0 | 0 | 258,024,218 | 3,390,323 | 0 | 183,526,638 | 0 | 444,941,179 | 419,131,060 |
| Other assets (net of accumulated amortization) | 0 | 0 | 0 | 0 | 24,001,923 | 0 | 0 | 0 | 0 | 24,001,923 | 24,389,051 |
| Amount available in Debt Service Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,571,270 | 3,571,270 | 3,973,183 |
| Amount to be provided for retirement of general long-term debt and payment of notes and leases payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 48,696,575 | 48,696,575 | 44,917,449 |
| Total assets | $ 12,790,018 | $ 1,837,546 | $ 3,754,708 | $ 27,593,152 | $ 425,923,230 | $ 12,352,590 | $ 7,726,687 | $ 183,526,638 | $ 52,267,845 | $ 727,772,414 | $ 629,155,173 |

(continued)

See accompanying notes to financial statements

# GENERAL PURPOSE FINANCIAL STATEMENTS

LUBBOCK TEXAS

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

### September 30, 1991
### With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| **Liabilities** | | | | | | | | | | | |
| Accounts and vouchers payable | $ 1,118,784 | $ 58,386 | $ 4,000 | $ 215,218 | $ 4,562,069 | $ 306,849 | $ 400,586 | $ 0 | $ 0 | $ 6,665,892 | $ 5,287,946 |
| Contracts payable | 0 | 0 | 0 | 1,445,577 | 1,046,642 | 0 | 0 | 0 | 0 | 2,492,219 | 2,545,127 |
| Due to other funds | 0 | 0 | 0 | 25,000 | 2,229,214 | 1,114,000 | 352,328 | 0 | 0 | 3,720,542 | 3,645,560 |
| Due to other governments | 42,697 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42,697 | 93,402 |
| Accrued general obligation interest | 0 | 0 | 0 | 0 | 1,343,490 | 0 | 0 | 0 | 0 | 1,343,490 | 368,596 |
| Other accrued liabilities | 1,562,610 | 17,394 | 0 | 0 | 624,432 | 88,688 | 6,880 | 0 | 0 | 2,300,004 | 1,790,049 |
| Current portion of general obligation bonds and contruction obligation payable | 0 | 0 | 0 | 0 | 5,411,716 | 0 | 0 | 0 | 0 | 5,411,716 | 4,625,695 |
| Payable from restricted assets: | | | | | | | | | | | |
| Accounts payable | 0 | 0 | 0 | 0 | 575,940 | 278,110 | 0 | 0 | 0 | 854,050 | 1,116,531 |
| Accrued interest | 0 | 0 | 0 | 0 | 1,214,018 | 0 | 0 | 0 | 0 | 1,214,018 | 1,440,773 |
| Accrued insurance claims | 0 | 0 | 0 | 0 | 0 | 1,829,084 | 0 | 0 | 0 | 1,829,084 | 1,014,528 |
| Revenue bonds payable (current portion) | 0 | 0 | 0 | 0 | 4,759,474 | 0 | 0 | 0 | 0 | 4,759,474 | 3,476,898 |
| Customer deposits | 0 | 0 | 0 | 0 | 423,990 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Due to other funds | 0 | 0 | 0 | 0 | 0 | 91,000 | 0 | 0 | 0 | 91,000 | 130,000 |
| Deferred compensation | 0 | 0 | 0 | 0 | 0 | 0 | 6,296,830 | 0 | 0 | 6,296,830 | 5,390,137 |
| Deferred revenues | 217,817 | 171,786 | 179,438 | 0 | 759,627 | 0 | 0 | 0 | 0 | 1,328,668 | 287,884 |
| Advances from other funds | 0 | 0 | 0 | 0 | 2,189,111 | 2,948,284 | 375,000 | 0 | 0 | 5,512,395 | 3,787,394 |
| Advances from other agencies | 0 | 0 | 0 | 0 | 70,000 | 0 | 0 | 0 | 0 | 70,000 | 70,000 |
| Accrued insurance claims | 0 | 0 | 0 | 0 | 0 | 777,090 | 0 | 0 | 0 | 777,090 | 980,522 |
| Notes and leases payable | 0 | 0 | 0 | 0 | 239,578 | 188,797 | 0 | 0 | 2,879,920 | 3,308,295 | 3,427,306 |
| Construction obligation payable | 0 | 0 | 0 | 0 | 25,217,282 | 0 | 0 | 0 | 0 | 25,217,282 | 25,867,465 |
| General obligation bonds (net of current portion) | 0 | 0 | 0 | 0 | 48,597,431 | 0 | 0 | 0 | 42,474,917 | 91,072,348 | 75,162,397 |
| Revenue bonds payable | 0 | 0 | 0 | 0 | 94,689,621 | 0 | 0 | 0 | 0 | 94,689,621 | 52,844,630 |
| Accrued vacation and sick leave | 0 | 0 | 0 | 0 | 2,055,924 | 362,144 | 0 | 0 | 6,662,237 | 9,080,305 | 8,601,524 |
| Arbitrage rebate liability | 0 | 0 | 0 | 0 | 437,878 | 0 | 0 | 0 | 250,771 | 688,649 | 696,790 |
| Total liabilities | $ 2,941,908 | $ 247,566 | $ 183,438 | $ 1,685,795 | $ 196,447,437 | $ 7,982,046 | $ 7,433,624 | $ 0 | $ 52,267,845 | $ 269,189,659 | $ 203,117,089 |

(continued)

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

September 30, 1991
With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| Fund Equity and Other Credits | | | | | | | | | | | |
| Contributed capital | $ 0 | $ 0 | $ 0 | $ 0 | $ 111,988,085 | $ 3,094,425 | $ 0 | $ 0 | $ 0 | $ 115,082,510 | $ 112,144,148 |
| Investment in general fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 183,526,638 | 0 | 183,526,638 | 177,016,143 |
| Retained earnings: | | | | | | | | | | | |
| Reserved for capital projects | 0 | 0 | 0 | 0 | 79,588,374 | 0 | 0 | 0 | 0 | 79,588,374 | 30,662,655 |
| Reserved for permanent capital maintenance | 0 | 0 | 0 | 0 | 9,729,581 | 396,510 | 0 | 0 | 0 | 10,126,091 | 6,995,650 |
| Reserved for system improvements | 0 | 0 | 0 | 0 | 6,895,190 | 0 | 0 | 0 | 0 | 6,895,190 | 4,964,276 |
| Reserved for rate stabilization | 0 | 0 | 0 | 0 | 9,977,331 | 0 | 0 | 0 | 0 | 9,977,331 | 4,993,058 |
| Reserved for economic development | 0 | 0 | 0 | 0 | 737,503 | 0 | 0 | 0 | 0 | 737,503 | 525,310 |
| Reserved per bond indentures | 0 | 0 | 0 | 0 | 4,736,909 | 0 | 0 | 0 | 0 | 4,736,909 | 4,117,419 |
| Reserved for self insurance – health | 0 | 0 | 0 | 0 | 0 | 1,562,469 | 0 | 0 | 0 | 1,562,469 | 1,306,459 |
| Reserved for self insurance – other than health | 0 | 0 | 0 | 0 | 0 | 1,758,740 | 0 | 0 | 0 | 1,758,740 | 2,034,723 |
| Reserved for leasing | 0 | 0 | 0 | 0 | 0 | 3,266 | 0 | 0 | 0 | 3,266 | 258,412 |
| Unreserved | 0 | 0 | 0 | 0 | 5,822,820 | (2,446,866) | 0 | 0 | 0 | 3,375,954 | 45,389,651 |
| Fund balances: | | | | | | | | | | | |
| Reserved for inventory | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 |
| Reserved for prepaid items | 134,970 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 134,970 | 47,288 |
| Reserved for operating leases | 0 | 500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500,000 | 500,000 |
| Reserved for advances to other funds | 1,436,383 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,436,383 | 1,461,382 |
| Reserved for debt service | 0 | 0 | 3,571,270 | 0 | 0 | 0 | 0 | 0 | 0 | 3,571,270 | 3,973,183 |
| Reserved for capital projects | 198,004 | 100,000 | 0 | 25,907,357 | 0 | 0 | 0 | 0 | 0 | 26,205,361 | 20,785,706 |
| Unreserved–designated for subsequent years' expenditures | 0 | 899,776 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 899,776 | 933,148 |
| Unreserved | 8,078,603 | 90,204 | 0 | 0 | 0 | 0 | 293,063 | 0 | 0 | 8,461,870 | 7,929,473 |
| Total retained earnings/ fund balances | 9,848,110 | 1,589,980 | 3,571,270 | 25,907,357 | 117,487,708 | 1,276,119 | 293,063 | 0 | 0 | 159,973,607 | 136,877,793 |
| Total fund equity and other credits | 9,848,110 | 1,589,980 | 3,571,270 | 25,907,357 | 229,475,793 | 4,370,544 | 293,063 | 183,526,638 | 0 | 458,582,756 | 426,038,084 |
| Total liabilities and fund equity and other credits | $ 12,790,018 | $ 1,837,546 | $ 3,754,708 | $ 27,593,152 | $ 425,923,230 | $ 12,352,590 | $ 7,726,687 | $ 183,526,638 | $ 52,267,845 | $ 727,772,414 | $ 629,155,173 |

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

### Year Ended September 30, 1991
### With Comparative Totals for Year Ended September 30, 1990

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | 1991 | 1990 |
| **Revenues:** | | | | | | | |
| Taxes and special assessments | $ 36,277,205 | $ 1,855,234 | $ 12,795,178 | $ 0 | $ 0 | $ 50,927,617 | $ 50,606,530 |
| Licenses and permits | 768,924 | 0 | 0 | 0 | 0 | 768,924 | 719,979 |
| Intergovernmental | 1,227,449 | 0 | 0 | 0 | 5,682,393 | 6,909,842 | 5,601,153 |
| Charges for services | 2,081,955 | 0 | 0 | 0 | 0 | 2,081,955 | 2,243,428 |
| Fines and forfeits | 2,378,986 | 0 | 0 | 0 | 0 | 2,378,986 | 2,489,471 |
| Contributions | 0 | 0 | 0 | 129,350 | 0 | 129,350 | 560 |
| Miscellaneous | 4,042,185 | 525,255 | 607,273 | 8,087,091 | 271,499 | 13,533,303 | 5,343,716 |
| Total revenues | 46,776,704 | 2,380,489 | 13,402,451 | 8,216,441 | 5,953,892 | 76,729,977 | 67,004,837 |
| **Expenditures:** | | | | | | | |
| Current: | | | | | | | |
| General government | 2,412,645 | 2,033,181 | 0 | 0 | 5,780,446 | 10,226,272 | 9,233,704 |
| Financial services | 1,910,799 | 0 | 0 | 0 | 0 | 1,910,799 | 1,815,589 |
| Management services | 2,579,610 | 0 | 0 | 0 | 0 | 2,579,610 | 2,500,230 |
| Development services | 6,274,866 | 0 | 0 | 0 | 0 | 6,274,866 | 5,631,381 |
| Public safety and services | 42,247,744 | 0 | 0 | 0 | 0 | 42,247,744 | 39,968,470 |
| Non–departmental | 29,532 | 0 | 0 | 0 | 0 | 29,532 | 265,108 |
| Capital outlay | 0 | 129,885 | 0 | 7,558,170 | 142,249 | 7,830,304 | 6,302,938 |
| Debt service: | | | | | | | |
| Principal retirement | 0 | 0 | 3,847,295 | 0 | 0 | 3,847,295 | 3,951,952 |
| Interest and fiscal charges | 0 | 0 | 3,252,666 | 0 | 0 | 3,252,666 | 3,448,684 |
| Collections | 0 | 0 | 86,079 | 0 | 0 | 86,079 | 94,377 |
| Total expenditures | 55,455,196 | 2,163,066 | 7,186,040 | 7,558,170 | 5,922,695 | 78,285,167 | 73,412,433 |
| Excess (deficiency) of revenues over expenditures | (8,678,492) | 217,423 | 6,216,411 | 658,271 | 31,197 | (1,555,190) | (6,407,596) |
| **Other financing sources (uses):** | | | | | | | |
| Lease proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 265,108 |
| Operating transfers in | 13,890,216 | 4,461 | 0 | 4,812,892 | 252,170 | 18,959,739 | 17,177,829 |
| Operating transfers (out) | (4,642,478) | (89,183) | (6,618,324) | (151,508) | (22,943) | (11,524,436) | (11,327,109) |
| Total other financing sources (uses) | 9,247,738 | (84,722) | (6,618,324) | 4,661,384 | 229,227 | 7,435,303 | 6,115,828 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 569,246 | 132,701 | (401,913) | 5,319,655 | 260,424 | 5,880,113 | (291,768) |
| Fund balances at beginning of year | 9,343,076 | 1,693,580 | 3,973,183 | 20,587,702 | 32,639 | 35,630,180 | 35,944,917 |
| Residual equity transfer out | (64,212) | (236,301) | 0 | 0 | 0 | (300,513) | (22,969) |
| Fund balances at end of year | $ 9,848,110 | $ 1,589,980 | $ 3,571,270 | $ 25,907,357 | $ 293,063 | $ 41,209,780 | $ 35,630,180 |

See accompanying notes to financial statements

## CITY OF LUBBOCK, TEXAS

### COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended September 30, 1991

| | General Fund | | | Special Revenue Fund Types | | |
|---|---|---|---|---|---|---|
| | Budget | Actual | Variance – favorable (unfavorable) | Budget | Actual | Variance – favorable (unfavorable) |
| Revenues: | | | | | | |
| Taxes | $ 36,100,663 | $ 36,277,205 | $ 176,542 | $ 1,585,006 | $ 1,585,003 | $ (3) |
| Licenses and permits | 687,653 | 768,924 | 81,271 | 0 | 0 | 0 |
| Intergovernmental | 1,274,051 | 1,227,449 | (46,602) | 0 | 0 | 0 |
| Charges for services | 2,093,797 | 2,081,955 | (11,842) | 0 | 0 | 0 |
| Fines and forfeits | 2,433,000 | 2,378,986 | (54,014) | 0 | 0 | 0 |
| Miscellaneous | 3,435,003 | 4,042,185 | 607,182 | 70,348 | 66,818 | (3,530) |
| Total revenues | 46,024,167 | 46,776,704 | 752,537 | 1,655,354 | 1,651,821 | (3,533) |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 2,392,004 | 2,412,645 | (20,641) | 1,690,592 | 1,631,562 | 59,030 |
| Financial services | 1,905,487 | 1,910,799 | (5,312) | 0 | 0 | 0 |
| Management services | 2,523,904 | 2,579,610 | (55,706) | 0 | 0 | 0 |
| Development services | 6,496,441 | 6,274,866 | 221,575 | 0 | 0 | 0 |
| Public safety and services | 42,964,152 | 42,247,744 | 716,408 | 0 | 0 | 0 |
| Non-departmental | 0 | 29,532 | (29,532) | 0 | 0 | 0 |
| Total expenditures | 56,281,988 | 55,455,196 | 826,792 | 1,690,592 | 1,631,562 | 59,030 |
| Excess (deficiency) of revenue over expenditures | (10,257,821) | (8,678,492) | 1,579,329 | (35,238) | 20,259 | 55,497 |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | 14,240,785 | 13,890,216 | (350,569) | 0 | 0 | 0 |
| Operating transfers (out) | (3,479,744) | (4,642,478) | (1,162,734) | 0 | (89,183) | (89,183) |
| Total other financing sources (uses) | 10,761,041 | 9,247,738 | (1,513,303) | 0 | (89,183) | (89,183) |
| Excess (deficiency) of revenue and other sources over expenditures and other uses | 503,220 | 569,246 | 66,026 | (35,238) | (68,924) | (33,686) |
| Fund balance at beginning of year | 9,343,076 | 9,343,076 | 0 | 317,366 | 317,366 | 0 |
| Residual equity transfer out | (60,540) | (64,212) | (3,672) | 0 | (236,301) | (236,301) |
| Fund balance at end of year | $ 9,785,756 | $ 9,848,110 | $ 62,354 | $ 282,128 | $ 12,141 | $ (269,987) |

See accompanying notes to financial statements

## CITY OF LUBBOCK, TEXAS

### COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY/RETAINED EARNINGS — ALL PROPRIETARY FUND TYPES

Year Ended September 30, 1991
With Comparative Totals for Year Ended September 30, 1990

| | Proprietary Fund Types | | Totals (Memorandum Only) | |
|---|---|---|---|---|
| | Enterprise | Internal Service | 1991 | 1990 |
| Operating revenues: | | | | |
| Charges for service | $ 88,462,751 | $ 19,969,329 | $ 108,432,080 | $ 101,131,783 |
| New taps and reconnects | 244,157 | 0 | 244,157 | 203,760 |
| Effluent water sales | 594,158 | 0 | 594,158 | 561,052 |
| Commodity sales | 613,145 | 0 | 613,145 | 456,332 |
| Landing fees | 615,719 | 0 | 615,719 | 639,634 |
| Parking | 1,233,432 | 0 | 1,233,432 | 1,201,843 |
| Greenfees and memberships | 451,420 | 0 | 451,420 | 420,064 |
| Pro shop sales | 93,934 | 0 | 93,934 | 93,686 |
| Rentals | 2,366,085 | 0 | 2,366,085 | 2,105,305 |
| Concessions | 157,513 | 0 | 157,513 | 235,269 |
| Administrative charges | 0 | 32,872 | 32,872 | 28,694 |
| Total operating revenues | 94,832,314 | 20,002,201 | 114,834,515 | 107,077,422 |
| Operating expenses: | | | | |
| Personal services | 17,591,022 | 3,917,064 | 21,508,086 | 17,826,915 |
| Contractual services | 0 | 1,029,229 | 1,029,229 | 891,893 |
| Insurance | 0 | 9,015,492 | 9,015,492 | 7,787,268 |
| Supplies | 2,695,502 | 169,345 | 2,864,847 | 2,231,656 |
| Materials | 0 | 3,078,997 | 3,078,997 | 2,447,997 |
| Maintenance | 4,848,407 | 679,921 | 5,528,328 | 4,666,076 |
| Uncollectible accounts | 298,234 | 0 | 298,234 | 912,614 |
| Purchase of fuel and power | 24,996,963 | 0 | 24,996,963 | 25,390,191 |
| Collection expense | 309,160 | 0 | 309,160 | 285,624 |
| Other services and charges | 10,660,967 | 1,491,876 | 12,152,843 | 11,615,048 |
| Depreciation | 9,036,010 | 1,017,724 | 10,053,734 | 9,205,741 |
| Total operating expenses | 70,436,265 | 20,399,648 | 90,835,913 | 83,261,023 |
| Operating income (loss) | 24,396,049 | (397,447) | 23,998,602 | 23,816,399 |
| Nonoperating revenues (expenses): | | | | |
| Insurance refunds | 0 | 77,979 | 77,979 | 55,683 |
| Interest | 8,061,625 | 250,711 | 8,312,336 | 5,692,093 |
| Disposition of properties | 51,425 | (542,087) | (490,662) | (141,062) |
| Junk sales | 0 | 45,754 | 45,754 | 66,489 |
| Miscellaneous | 534,915 | 121,942 | 656,857 | 776,641 |
| Interest and fiscal charges | (9,811,129) | (8,841) | (9,819,970) | (9,099,937) |
| Cash grants and reimbursements | 1,571,430 | 0 | 1,571,430 | 1,303,895 |
| Total nonoperating revenues (expenses) | 408,266 | (54,542) | 353,724 | (1,346,198) |
| Income (loss) before operating transfers | 24,804,315 | (451,989) | 24,352,326 | 22,470,201 |
| Transfers: | | | | |
| Operating transfers in | 7,212,666 | 103,318 | 7,315,984 | 8,017,687 |
| Operating transfers (out) | (14,751,287) | 0 | (14,751,287) | (13,868,407) |
| Total transfers in (out) | (7,538,621) | 103,318 | (7,435,303) | (5,850,720) |
| Net income (loss) | 17,265,694 | (348,671) | 16,917,023 | 16,619,481 |
| Depreciation on fixed assets acquired by contributions | 599,191 | 0 | 599,191 | 519,695 |
| Retained earnings at beginning of year | 99,622,823 | 1,624,790 | 101,247,613 | 84,108,437 |
| Retained earnings at end of year | 117,487,708 | 1,276,119 | 118,763,827 | 101,247,613 |
| Contributions at beginning of year | 109,554,537 | 2,589,611 | 112,144,148 | 109,599,317 |
| Capital contributions | 3,032,739 | 504,814 | 3,537,553 | 3,064,526 |
| Depreciation on capital contributions | (599,191) | 0 | (599,191) | (519,695) |
| Contributions at end of year | 111,988,085 | 3,094,425 | 115,082,510 | 112,144,148 |
| Total equity at end of year | $ 229,475,793 | $ 4,370,544 | $ 233,846,337 | $ 213,391,761 |

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

Years Ended September 30, 1991
With Comparative Totals for Year Ended September 30, 1990

| | Proprietary Fund Types | | Totals (Memorandum Only) | |
|---|---|---|---|---|
| | Enterprise | Internal Service | 1991 | 1990 |
| **Cash flows from operating activities:** | | | | |
| Operating income (loss) | $ 24,396,049 | $ (397,447) | $ 23,998,602 | $ 23,813,111 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | |
| Depreciation | 9,036,010 | 1,017,724 | 10,053,734 | 9,205,741 |
| Increase in long-term payables not requiring cash flow | 998,556 | 793,792 | 1,792,348 | 722,888 |
| Other income | 534,915 | 42,077 | 576,992 | 717,994 |
| Change in current assets and liabilities: | | | | |
| Accounts receivable (net) | 435,919 | 101,601 | 537,520 | 2,728,788 |
| Inventory (net) | (75,509) | (286,788) | (362,297) | 133,766 |
| Due from other governments (net) | (1,895,731) | 0 | (1,895,731) | (37,089) |
| Prepaid expenses (net) | (68,868) | 93,497 | 24,629 | (65,810) |
| Accounts payable (net) | 703,347 | (68,682) | 634,665 | (4,243,427) |
| Due to other funds (net) | 474,214 | (470,000) | 4,214 | (2,171,012) |
| Other accrued expenses (net) | 113,568 | 43,757 | 157,325 | (66,542) |
| Sales tax payable (net) | 35,099 | 0 | 35,099 | (147,041) |
| Customer deposits (net) | (23,946) | 0 | (23,946) | (36,939) |
| Deferred revenue | 767,627 | 0 | 767,627 | 0 |
| Net cash provided (used) by operating activities | 35,431,250 | 869,531 | 36,300,781 | 30,554,428 |
| **Cash flows from capital and related financing activities:** | | | | |
| Payment for gas reserves | (3,496) | 0 | (3,496) | (40,073) |
| Purchase of property, plant and equipment | (41,011,888) | (1,666,553) | (42,678,441) | (45,643,716) |
| Sale of property, plant and equipment | 13,422,056 | 457,447 | 13,879,503 | 17,742,714 |
| Payments on leases | (113,105) | (19,219) | (132,324) | (559,173) |
| Principal paid on revenue bonds | (4,057,433) | 0 | (4,057,433) | (3,321,866) |
| Interest paid on revenue bonds | (5,675,628) | 0 | (5,675,628) | (3,802,753) |
| Issuance of revenue bonds | 47,185,000 | 0 | 47,185,000 | 16,564,996 |
| Principal paid on general obligation bonds | (3,722,953) | 0 | (3,722,953) | (3,915,545) |
| Interest paid on general obligation bonds | (3,367,612) | 0 | (3,367,612) | (5,330,742) |
| Issuance of general obligation bonds | 17,145,000 | 0 | 17,145,000 | 0 |
| Principal paid on long-term debt | (53,756) | 0 | (53,756) | (588,312) |
| Interest paid on long-term debt | (17,749) | (8,841) | (26,590) | (126,911) |
| Proceeds from long-term debt | 0 | 0 | 0 | 135,035 |
| Payment on advance from general fund | (25,000) | 0 | (25,000) | (25,000) |
| Receipts from building rent | 0 | 79,865 | 79,865 | 37,943 |
| Contributed capital | 2,699,499 | 504,814 | 3,204,313 | 2,923,960 |
| Net cash used for capital and related financing activities | 22,402,935 | (652,487) | 21,750,448 | (25,949,443) |
| **Cash flows from noncapital and related financing activities:** | | | | |
| Operating transfers in from other funds | 7,212,666 | 103,318 | 7,315,984 | 8,017,687 |
| Operating transfers out to other funds | (14,751,287) | 0 | (14,751,287) | (13,868,407) |
| Insurance refunds | 0 | 77,979 | 77,979 | 55,683 |
| Advance from other funds | 0 | 1 | 1 | 2,326,013 |
| Cash grants and reimbursements | 1,571,430 | 0 | 1,571,430 | 1,303,895 |
| Net cash provided (used) by noncapital and related financing activities | (5,967,191) | 181,298 | (5,785,893) | (2,165,129) |
| **Cash flows from investing activities:** | | | | |
| Interest earnings on cash and investments | 8,532,854 | 288,647 | 8,821,501 | 5,687,306 |
| Net cash provided (used) by investing activities | 8,532,854 | 288,647 | 8,821,501 | 5,687,306 |
| Net increase (decrease) in pooled cash and cash equivalents | 60,399,848 | 686,989 | 61,086,837 | 8,127,162 |
| Pooled cash and cash equivalents at beginning of year | 70,838,202 | 5,074,492 | 75,912,694 | 67,785,532 |
| Pooled cash and cash equivalents at end of year | $ 131,238,050 | $ 5,761,481 | $ 136,999,531 | $ 75,912,694 |

Non-cash investing, capital and financing activities:

A capital lease obligation of $278,961 was incurred in October when the City entered into a lease of new equipment for the Solid Waste fund.

Electric revenue bonds in the amount of $9,424,963 were issued to advance refund a portion of the 1982 and 1984 electric revenue bonds.

See accompanying notes to financial statements.

CITY OF LUBBOCK

Notes to Combined Financial Statements
September 30, 1991

CITY OF LUBBOCK

Notes to Combined Financial Statements
September 30, 1991

LUBBOCK TEXAS

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## I. Summary of Significant Accounting Policies

The accounting policies of the City of Lubbock, Lubbock County, Texas (City), conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Government Accounting Standards Boards (GASB) is the acknowledged governing body for establishing governmental accounting and financial reporting principles. The following represent the more significant accounting and reporting policies and practices of the City.

### A. Reporting Entity

For financial reporting purposes, the City of Lubbock includes all funds, account groups, agencies, boards and authorities over which the City Council exercises oversight responsibility. Oversight responsibility, as defined by the National Council on Governmental Accounting (NCGA), Statement 3, Defining the Governmental Reporting Entity, was determined on the City's ability to significantly influence operations, select the governing authority, participate in fiscal management and scope of public service. On this basis the reporting entity of the City of Lubbock includes all City agencies, departments and units over which the City Council has direct statutory authority and several not directly subordinate to the City.

Those entities which have been included within the City's financial statements and those which have been excluded along with the criteria used in making this determination are as follows:

Organizations included in the City's Comprehensive Annual Report:

**Board of City Development (BCD)** - The City Council appoints a fifteen member Board to oversee the responsibility of economic development in Lubbock, Texas. Operations are accounted for as a Special Revenue Fund.

**Center for Innovation (CFI)** - Operated by the BCD to offer a combination of services, support and space to facilitate a smooth start-up for new businesses. All activity is reflected as an Enterprise Fund.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

# I. Summary of Significant Accounting Policies

## A. Reporting Entity

**Urban Renewal Agency of the City of Lubbock** - The Mayor, with the consent of the City Council, is empowered by law to appoint a nine member Board of Commissioners to govern operations. The Agency is funded by appropriations from the City's Community Development Block Grant, and financial activity is included in the Community Development Expendable Trust Fund.

**Civic Lubbock, Inc.** - The fifteen member board is appointed by City Council with the Secretary and Treasurer from City staff. The corporate purpose is to promote cultural and educational usage of the Civic Center and Coliseum. Operations are accounted for as an Enterprise Fund.

**Lubbock Visitors and Convention Bureau** - The Bureau is operated by the Lubbock Chamber of Commerce to promote the City as a convention center and facilitate tourism. Financial activity of the Bureau is reflected in the Special Revenue Funds of Convention and Tourism and Convention Incentive.

**Canadian River Municipal Water Authority (CRMWA)** - In 1953 the Texas Legislature established a Conservation and Reclamation District to construct a dam, water reservoir and aqueduct system for the purpose of supplying surface water to surrounding cities. Financial activity related to tangible water rights and associated debt are found in the Water Utilities Enterprise Fund.

**Brazos River Authority (BRA)** - In 1989 the City entered into an agreement to construct and operate a dam and reservoir system on the South Fork of the Double Mountain Fork of the Brazos River to provide a long-term surface water supply for Lubbock. The City has an unconditional obligation for debt service. Operations are accounted for in the Water Utilities Enterprise Fund.

**Citibus** - In 1988 the City entered into a 5 year management agreement with McDonald Transit Associates, Inc. to manage and operate a city owned transportation system. All financial activity is reflected in the Citibus Enterprise Fund.

## I. Summary of Significant Accounting Policies

Organizations excluded from the City's Comprehensive Annual Report:

**The Housing Authority of the City of Lubbock** - The Authority's operating and capital expenditures, including debt service, are financed entirely from federal grants and rentals. The City has no involvement in the determination of the Authority's outstanding debt. The governing board is approved by City Council.

**Firemen's Relief and Retirement Fund** - This fund operates under provisions of the Firemen's Relief and Retirement Laws of the State of Texas for purposes of providing retirement benefits for the City's firemen. Its affairs are governed by the Mayor's designee, the Assistant City Manager for Financial Services, three firefighters elected by members of the City's Fire Department and two taxpayers elected by the Board. It is funded by contributions from the firefighters and matched by contributions from the City.

As provided by enabling legislation, the City's responsibility to the Fund is limited to matching monthly contributions made by the members. Title to assets is vested in the fund and not in the City. The State Firemen's Pension Commission exercises general oversight authority over the Fund; thus the City of Lubbock does not significantly influence operations.

**Lubbock Cultural Affairs Council** - The Council is dedicated to the promotion and improvement of the Arts and sponsoring the Annual Lubbock Arts Festival. One of the Council's several funding sources is the City's Special Revenue Arts and Related Items Fund. The governing board is approved by the Chamber of Commerce Board of Directors. The City of Lubbock does not exercise significant influence over management or influence the scope of public service for the Council.

I. **Summary of Significant Accounting Policies**

B. **Basis of Presentation - Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a self-balancing set of accounts recording cash and other financial resources, liabilities and residual equities or balances. Fund accounting is designed to demonstrate certain objectives in accordance with regulations, restrictions or management limitations.

The various funds are classified into three categories: governmental, proprietary and fiduciary. Each category is composed of its associated fund types. There are seven distinct fund types.

**Governmental Fund Types**

**General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - These funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources which are designated to finance particular functions or activities of the City. Special revenue funds include:

- **Hotel Tax Reserve Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the acquisition, construction, improvement, enlarging, equipping, repairing, operating, and maintenance of capital projects related to the tourism and convention industry.

- **Arts and Related Items Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the promotion of the arts.

- **Convention and Tourism Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the promotion of tourism and conventions.

I. **Summary of Significant Accounting Policies**

- **Convention Incentive Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically for the promotion of conventions.

- **Special Projects for Promotion Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the support of special promotional projects and other expenditures authorized by the City Council.

- **Criminal Investigation Fund** - To account for the allocation of revenues derived from court ordered forfeitures of monies to criminal investigations and related activities.

- **Lubbock Board of City Development Fund** - To account for a portion of tax revenues to support the work of the Board of City Development.

- **Tax Increment Fund** - To account for incremental tax funds dedicated to the development of a specified central district.

**Debt Service Fund**

The fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes, interest earned on the investments of the Debt Service Fund and Hotel/Motel Tax Revenues are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds, which are recorded in the General Long-term Debt Account Group.

**Capital Project Funds**

The Capital Projects Funds account for all capital improvements, except for those accounted for in proprietary funds, which are financed by the City's general obligation bond issues, certain sales taxes, certain Federal grants and other specific receipts. These funds include:

I. **Summary of Significant Accounting Policies**

B. **Basis of Presentation - Fund Accounting**

**Capital Project Funds**

- **Fire Station Buildings Fund** - To account for the financing and construction of fire station buildings including acquisition of land.

- **Park Improvements Fund** - To account for the financing and construction of park improvements.

- **Canyon Lakes Project Fund** - To account for the financing and improvements to the Canyon Lakes Project.

- **Street Improvements Fund** - To account for the financing and construction of streets and alleys financed primarily by bond issues and property owner participation.

- **Permanent Street Maintenance Fund** - To account for the financing and reconstruction of public streets, thoroughfares and public ways.

- **Storm Sewer and Drainage Fund** - To account for the financing and construction of storm sewer and drainage improvement.

- **General Permanent Capital Projects Fund** - To account for the financing and expenditures related to the purchase and/or construction of municipal buildings and equipment.

- **General Permanent Capital Maintenance Fund** - To account for the maintenance, repair or replacement of major components of all public buildings and public facilities owned by the City.

**Proprietary Fund Types**

**Enterprise Funds**

The Enterprise Funds are used to account for the operations of the City which are financed and operated in a manner similar to private business enterprises, where the intent is to provide goods or services to the general public on a continuing basis, the cost of which is to be recovered in whole or part through user charges. These funds include:

I. **Summary of Significant Accounting Policies**

- **Electric Fund** - Established to account for the City's electric utility, Lubbock Power & Light.
- **Water Fund** - A fund established to account for the operations of the water system of the City.
- **Sewer Fund** - Established to account for the City's waste water utility.
- **Solid Waste Fund** - A fund created to account for a system of collection, transportation and disposal of solid waste.
- **Airport Fund** - Established to account for Lubbock International Airport activities and facilities.
- **Golf Course Fund** - Established to account for operations and maintenance of the City's Meadowbrook 36 hole golf course.
- **Civic Lubbock, Inc.** - Established to account for the promotion of the cultural and educational use of the Civic Center/Coliseum facility.
- **Citibus Fund** - A fund established to account for public transportation systems and facilities.
- **Center for Innovation** - Established to account for the support services offered to new businesses.

**Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis. This fund is comprised of several operations, as follows:

- **Garage Operations** - Established to account for the vehicle service operations.
- **Warehouse Operations** - Established to account for the central warehouse operations.

I. **Summary of Significant Accounting Policies**

B. **Basis of Presentation - Fund Accounting**

**Internal Service Fund**

- **Print Shop and Office Stores** - Established to account for the printing services and central office supply provided to City departments.
- **Radio Shop Operations** - Established to account for the mobile telephone and radio shop operations.
- **Employees Lunchroom Operations** - Established to account for the two lunchroom facilities provided for employees.
- **Self Insurance Operations** - Established to account for the self insurance general liability, health claims and worker's compensation liability.
- **Management Information Services** - Established to account for the data processing services provided to the City departments and other governmental agencies.
- **Leasing Operations** - Established to account for various leases within the City.
- **Building Services** - Established to account for all City building services.
- **Communication Services** - Established to account for communication services provided to City departments.

**Fiduciary Fund Types**

Transactions related to assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds, are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

I. **Summary of Significant Accounting Policies**

**Expendable Trust Funds**

These funds account for assets received and expended by the City as trustee in essentially the same manner as government funds. The funds include:

- **Community Development Fund** - To account for the receipt and disbursement of Community Development Block Grant funds from the United States Department of Housing & Urban Development.

- **Community Services Fund** - To account for the receipt and disbursement of funds received from the Texas Department of Human Resources, Texas Department of Community Affairs and United States Department of Energy.

- **Library Fund** - To account for the receipt and disbursement of funds received from the Texas State Library and Archives Commission and United States Department of Education.

- **Health Services Fund** - To account for the receipt and disbursement of funds received from the Texas Department of Health and United States Department of Health and Human Services.

- **Police Fund** - To account for the receipt and disbursement of funds received from the State Department of Highways and Public Transportation, the Office of the Governor, Criminal Justice Division and United States Department of Justice.

- **Other Grant Funds** - To account for the receipt and disbursement of funds received from the Texas State Department of Highways, Texas Historical Commission, United States Department of Transportation, United States Department of the Interior, Texas Department of Human Services and South Plains Association of Governments (SPAG).

# I. Summary of Significant Accounting Policies

## B. Basis of Presentation - Fund Accounting

### Agency Funds

These funds are used to account for assets held by the City as a custodial trustee and do not involve measurement of results of operations.

- **Living Memorial Fund** - To account for assets held by the City as an agent for individuals and private organizations.
- **Deferred Compensation Fund** - To account for assets held by the City pursuant to an employees deferred compensation plan.

### Account Groups

**General Fixed Assets Account Group**
This account group represents a summary of the fixed assets of the City, other than those fixed assets reported in the Proprietary Funds. Capital expenditures of the Capital Projects Fund are the primary source from which the detailed records of the general fixed assets account group are developed. Capital expenditures are carried in this account group as construction work in progress until the projects are completed and are then capitalized by function and classification.

Infrastructure fixed assets such as streets, highways, bridges, sidewalks, street lighting, traffic poles and signals, and storm sewers, are reported in the Schedule of General Fixed Assets.

General Fixed Assets are not depreciated and are recorded at historical cost at the time of acquisition. Donated assets are recorded at their fair market value on the date donated. General Fixed Assets in the amount of $1,610,654 were removed as a result of physical inventories taken during the year.

In 1991 the City changed its capitalization policy to capitalize assets valued at $1,000 or more with expected useful lives of three years or more. General Fixed Assets in the amount of $2,964,924 were removed as a result of this change in the City's policy.

I. **Summary of Significant Accounting Policies**

**General Long-Term Debt Account Group**
The General long-term debt group of accounts is used to account for the City's liability for general long-term debt presently consisting of general obligation bonds, long-term notes payable, long-term leases, and obligations for employee vacation, sick-leave benefits, insurance claims and arbitrage liability, other than those reported in the Proprietary Funds.

C. **Basis of Accounting**

The modified accrual basis of accounting and the flow of current financial resources is followed for the governmental fund types, special revenue funds, debt service funds, capital project funds, and expendable trust funds. Under this basis of accounting, expenditures, other than interest on long-term debt in the Debt Service Fund which is recorded when due, are recorded when the liability is incurred. Revenues are recorded when received in cash unless susceptible to accrual. Revenues under the modified accrual basis must be both measurable and available to finance current year appropriations. Revenues considered to be susceptible to accrual under the modified accrual basis are property and sales taxes, certain grant revenue and investment income. The accrual basis of accounting and the flow of economic resources is followed in the enterprise funds and internal service funds. Under this method of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred.

Governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. Under the current financial resources measurement focus only current assets and current liabilities are included on the balance sheet. Net current assets or fund balance is considered a measure of available spendable resources. The flow of financial resources measurement focus is concerned primarily with the measure of interperiod equity - whether current-year revenues were sufficient to pay for current-year services.

## I. Summary of Significant Accounting Policies

### C. Basis of Accounting

Enterprise funds and internal service funds are accounted for using an economic resource measurement focus. All assets and liabilities including fixed assets and long term debt are included on the balance sheet. Fund equity is segregated into its contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

### D. Budgetary Accounting

Annually, the City Manager submits to City Council a proposed operating budget for the upcoming fiscal year. A budget is prepared for the General Fund, Convention and Tourism Special Revenue Fund, and the Lubbock Board of City Development Special Revenue Fund. Appropriations for budgeted Funds lapse at year end. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance by City Council.

The City Manager is authorized to transfer budgeted amounts between departments and funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

Budgeted amounts shown are from the amended budget, dated August 22, 1991. The original budget was adopted on August 23, 1990. During the year, supplementary appropriations totaled 1.3% of the original budget.

### E. Encumbrances

At the end of the year, encumbrances for which goods and/or services have not been received are cancelled. At the beginning of the next year, prior year encumbrances and related appropriations are re-established through a budget amendment. Re-established encumbrances at September 30, 1991 were $720,562.

## I. Summary of Significant Accounting Policies

### F. Assets, Liabilities and Fund Equity

- **Equity in Pooled Cash and Investments**
  A pooled cash concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, cash is pooled for investment purposes and each fund has an equity in the pooled amount and earnings therefrom. The City's policy is to hold investments until maturity unless a gain can be realized from disposition.

- **Property Taxes**
  Property taxes are assessed and liens attach on valuations as of January 1, levied on October 1 of each year, and become delinquent February 1 of the following year.

  Uncollected taxes, net of the estimated uncollectible amount, are recorded as receivables in the General, Special Revenue and Debt Service Funds. Deferred revenue is recorded in an amount equal to net delinquent taxes receivable, less taxes collected within 60 days after the end of the fiscal year.

- **Enterprise Fund Receivables**
  Within the Electric, Water, Sewer and Solid Waste Enterprise Funds, an amount has been recorded for services rendered but not billed as of the close of the fiscal year. Amounts billed are reflected as receivables net of an allowance for uncollectibles.

- **Inventories**
  Inventories in the Governmental and Proprietary Fund Types consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method of valuation. Both Governmental and Proprietary Fund Types use the consumption method of accounting, i.e., inventory is expensed when used rather than when purchased. Inventories recorded in the Governmental Fund Types are offset by a fund balance reserve which indicates they do not represent "available spendable resources" even though they are a component of net current assets.

I. **Summary of Significant Accounting Policies**

F. **Assets, Liabilities and Fund Equity**

- **Prepaid Expenses**
  Prepaid expenses in the Special Revenue Funds are accounted for under the consumption method.

- **Restricted Assets**
  Certain enterprise fund assets are restricted for construction which is funded through long-term debt and, therefore, retained earnings have not been reserved for these amounts. The excess of assets over certain liabilities restricted for the payment of debt service are included as restricted retained earnings.

- **Fixed Assets and Depreciation**
  Property, plant and equipment of the Proprietary Funds are stated at cost or estimated market value for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | |
|---|---|
| Improvements | 10-50 yrs |
| Buildings | 15-50 yrs |
| Equipment | 3-15 yrs |

- **Interest Capitalization**
  The City capitalizes interest cost in its Enterprise Funds on bonds used for fixed asset construction, net of interest income earned on the temporary investment of the tax exempt bond proceeds. Interest costs incurred during the year were $12,862,170 of which $40,488 has been capitalized.

- **Advance to Other Funds**
  Amounts owed to one fund by another which are not due within one year are recorded as advances to other funds. These are equally offset by a fund balance reserve amount which indicates they do not constitute available spendable resources.

- **Liability for Incurred Claims**
  The liability for incurred claims represents estimates for medical and dental claims incurred as of September 30, 1991. Some of these claims were reported at September 30, 1991 and others may not be reported until a later date. This amount is actuarially determined by the City's independent insurance administrator.

## I. Summary of Significant Accounting Policies

### G. Risk Management

The City's self insured Worker's Compensation program is on a cash flow basis, which means that the service contractor processes, adjusts and pays claims from a deposit provided by the City. The City accounts for the Worker's Compensation program in the Insurance Fund (an Internal Service Fund) by charging premiums based upon losses, administrative fees and reserve requirements.

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Additionally, Property and Boiler Coverage is accounted for in the Insurance Fund. The property insurance policy was purchased from an outside insurance carrier. The policy has a $250,000 deductible per occurrence and the boiler coverage insurance deductible is $2,500 to $100,000 dependent upon the unit. Premiums are charged to funds based upon policy premiums and reserve payments.

Other small insurance policies, such as surety bond coverage and miscellaneous floaters, are accounted for in the Insurance Fund. Funds are charged expenditures based on premium amounts and administrative charges. Fund Balance of the Insurance Fund is reserved for payment of catastrophic losses. The City has had no significant reductions in insurance coverage during the year. Settlements in the current year and preceding two years have not exceeded insurance coverage.

I. **Summary of Significant Accounting Policies**

H. **Revenues, Expenses and Expenditures**

- **Sales Tax Revenue**
  The City has a 1% sales tax levy which is collected by the State of Texas and remitted to the City monthly. The tax is collected by the vendor and required to be remitted to the State by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State.

- **Grant Revenue**
  Revenues from federal and state grants are recognized when susceptible to accrual under the modified accrual basis of accounting.

- **Interfund Transactions**
  Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

  Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions except quasi-external transactions, reimburse-ments and residual equity transfers are reported as operating transfers.

- **Compensated Absences**
  Vacation leave of 10-20 days is granted to all regular employees dependent upon the date employed, years of service and Civil Service status. Accumulated vacation leave vests and the City is obligated to make payment upon retirement or termination.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## I. Summary of Significant Accounting Policies

Sick leave for employees is accrued at 1 1/4 days per month with unlimited accrual status. After 15 years of continuous full time service, sick leave is paid on retirement or termination at the current hourly rate for up to 90 days for non-Civil Service personnel. Civil Service personnel are paid for up to 90 days accrued sick leave after 1 year of employment. The Texas Civil Service laws dictate certain benefits and personnel policies above and beyond those policies of the City.

Liability for the accumulated vacation and sick leave is recorded in general long term debt for Governmental fund employees and as a noncurrent liability for Proprietary fund employees. Employees are not obligated to use sick leave in the year it is earned and sick leave not used will not require the use of currently available resources.

**Post Employment Benefits**
Retirees of the City of Lubbock may purchase optional health and life insurance benefits at their own expense. Amounts to cover premiums and administrative costs with an incremental charge for reserve funding are determined by the City's health care administrator. Financial activity is reported in the Health Insurance Internal Service Fund.

The following schedule reflects participation in the City's health care program.

| | 1991 |
|---|---|
| Participants | |
| Active | 1,817 |
| Retired | 249 |
| Cobra | 8 |
| Active Claims | $3,505,466 |
| Retired Claims | 916,160 |
| Cobra Claims | 23,046 |
| Total Claims | $4,444,672 |
| % of Active Payroll | |
| Active | 7.10% |
| Retired | 1.86% |
| Cobra | .05% |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

I. **Summary of Significant Accounting Policies**

I. **Total Memorandum Only**

The "Total Memorandum Only" columns represent an aggregation of the combined financial statements and does not represent consolidated financial information. Data in those columns do not present financial position and results of operations, in conformity with Generally Accepted Accounting Principles and are presented only to facilitate financial analysis.

J. **Reclassification**

Certain 1990 amounts have been reclassified to conform to 1991 presentation.

II. **Stewardship, Compliance and Accountability**

A. **Retained Earnings/Fund Balance Deficits**

- The deficit of $1,553,024 in the Airport Enterprise Fund results from the practice of not funding depreciation. Debt service for the airport improvements is funded by property taxes and was never intended to be funded by airport revenues.

- The deficit in the Golf Enterprise Fund of $516,950 is the result of placing itself in a more competitive position through non-capital course equipment improvements. It is anticipated that increased usage by the general public will result in additional revenues.

- The deficit in the Center for Innovation Enterprise Fund of $14,656 will be eliminated by increased rentals of office space.

No other funds of the City had deficits in either fund balances or retained earnings.

## II. Stewardship, Compliance and Accountability

### B. Budget Reconciliation

Budgets were adopted for the Convention and Tourism Special Revenue Fund and the Lubbock Board of City Development Special Revenue Fund. Following is a reconciliation of the budget and actual results for those Special Revenue Funds that did not have legally adopted budgets.

| | | Special Revenue Funds |
|---|---|---|
| Excess of revenues and other financing sources over/under expenditures and other financing sources | (Actual) | $ 132,701 |
| Adjustment for unbudgeted funds | | (201,625) |
| Excess of revenues and other financing sources over/under expenditures and other financing uses | (Budget) | $( 68,924) |

## III. Detail Notes on all Funds and Account Groups

### A. Cash and Investments

- **Cash Equivalents**
  Pooled cash, which includes demand deposits and all investments, are considered to be cash and cash equivalents.

- **Equity in Pooled Cash and Investments**
  The following is a schedule of the City's pooled and non-pooled cash and investments at September 30, 1991 categorized by risk:

## III. Detail Notes on All Funds and Account Groups

### A. Cash and Investments

| Investments | Category (1) | Category (2) | Category (3) | Carrying Amount | Market Value |
|---|---|---|---|---|---|
| U.S. Treasury and Agency Obligations | $ 84,157,826 | | | $ 84,157,826 | $ 85,282,989 |
| Mortgage Backed Securities | 977,053 | | | 997,053 | 1,039,549 |
| Repurchase Agreements | 75,000,000 | | | 75,000,000 | 76,713,760 |
| | $160,134,879 | | | $160,134,879 | $163,036,298 |
| Mutual Funds | | | | 6,296,830 | 6,296,830 |
| Total Investments | | | | $166,431,709 | $169,333,128 |

| Cash and Bank Deposits | Category (A) | Category (B) | Category (C) | Bank Balance | Carrying Amount |
|---|---|---|---|---|---|
| Cash and Bank Deposits | $424,947 | $12,316,882 | $371,593 | $ 14,340,283 | $ 13,113,422 |
| Total Cash and Bank Deposits | | | | $ 14,340,283 | $ 13,113,422 |

Cash and Investments are reported in the financial statement as:

| | |
|---|---|
| Cash and Investments - Restricted | $124,473,988 |
| Cash and Investments - Non-Restricted | 55,071,143 |
| | $179,545,131 |

(1) Insured or registered or securities held by the entity or its agent in the entity's name.
(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
(3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the entity's name.
(A) Insured or collateralized with securities held by the entity or its agent in the entity's name.
(B) Collaterized with securities held by the pledging financial institution's trust department or agent in the entity's name.
(C) Uncollateralized.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### B. Interfund Transactions

Interfund receivables and payables at September 30, 1991 were as follows:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $5,218,711 | $ 0 |
| Special Revenue Fund: | | |
| Lubbock Board of City Development | 4,214 | 0 |
| Debt Service Funds: | | |
| Debt Service - City Hall Expansion | 25,000 | 0 |
| Capital Projects Fund: | | |
| General Permanent Capital Projects Fund | 0 | 25,000 |
| Enterprise Funds: | | |
| Electric Enterprise Fund | 1,765,513 | 0 |
| Water Enterprise Fund | 2,310,499 | 0 |
| Sewer Enterprise Fund | 0 | 1,750,000 |
| Solid Waste Enterprise Fund | 0 | 1,547,600 |
| Golf Enterprise Fund | 0 | 791,511 |
| Airport Enterprise Fund | 0 | 325,000 |
| Center for Innovation Fund | 0 | 4,214 |
| Internal Service Fund | 0 | 4,153,284 |
| Expendable Trust Funds: | | |
| Community Development Fund | 0 | 375,000 |
| Other Grants | 0 | 352,328 |
| Total | $9,323,937 | $9,323,937 |

Interfund residual equity transfers for the year ended September 30, 1991 were as follows:

A residual equity transfer from the General Fund in the amount of $64,212 is included in additions to contributed capital of Citibus Enterprise Fund, and a residual equity transfer from the BCD in the amount of $236,301 is included in addition to contributed capital of the CFI Enterprise Fund. In addition, a residual equity transfer of $16,144 was made from the General Fixed Assets Account Group to the CFI Enterprise Fund.

### C. Deferred Charge

The deferred charge of $1,147,462 in the Electric Utility Enterprise Fund represents prepayment for future delivery of natural gas as contracted for by the City. In 1988 a contract was entered into for the purchase of proven and unproven reserves, totalling 2,000,000 MMBTU at $1.56 per MMBTU. At that date, proven reserves of 338,000 MMBTU were purchased at the rate of $1.56 per MMBTU. The remaining unproven reserves are being purchased as proven. One half the above rate, or $.78 per MMBTU, is paid upon determination of the reserves and the balance is to be paid upon delivery. The prepayments are to be expensed as the gas is taken until the prepaid units of gas have been consumed. At September 30, 1991 1,023,553 MMBTU's had been delivered and remaining proven reserves were 1,471,105 MMBTU's.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

III. **Detail Notes on all Funds and Account Groups**

D. **Property, Plant and Equipment**

General fixed assets of the City for the year ended September 30, 1991, are as follows:

| | Balance 10-01-90 | Additions | Deletions | Balance 9-30-91 |
|---|---|---|---|---|
| Land | $ 8,321,099 | $ 397,825 | $ 107,513 | $ 8,611,411 |
| Buildings | 30,719,030 | 1,048,924 | 520,670 | 31,247,284 |
| Improvements other than buildings | 105,704,458 | 2,302,432 | 853,220 | 107,153,670 |
| Equipment | 21,966,408 | 5,407,729 | 5,056,721 | 22,317,416 |
| Construction in progress | 10,305,148 | 7,558,170 | 3,666,461 | 14,196,857 |
| Total | $177,016,143 | $16,715,080 | $10,204,585 | $183,526,638 |

Construction in progress is composed of the following:

| | Project Authorization | Expended to September 30, 1991 | Committed |
|---|---|---|---|
| Fire Station | $ 491,400 | $ 483,754 | $ 7,646 |
| Park Improvements | 629,794 | 483,726 | 146,068 |
| Street Improvements | 26,651,246 | 6,912,564 | 19,738,682 |
| Permanent Street Maintenance | 1,280,000 | 1,157,679 | 122,321 |
| Storm Sewer and Drainage | 320,000 | 76,992 | 243,008 |
| General Permanent Capital Projects | 6,716,900 | 2,149,292 | 4,567,608 |
| General Permanent Capital Maintenance | 5,789,464 | 2,932,850 | 2,856,614 |
| Total Life-to-Date Activity | $ 41,878,804 | $ 14,196,857 | $ 27,681,947 |
| Total Current Year Activity | $ 17,285,923 | $ 7,558,170 | $ 9,727,753 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

A summary of proprietary fund type property, plant, and equipment at September 30, 1991 follows:

| | Enterprise | Internal Service |
|---|---|---|
| Land | $ 14,559,333 | $ 5,839 |
| Buildings | 32,958,427 | 1,168,821 |
| Improvements other than buildings | 238,948,597 | 197,469 |
| Equipment | 28,640,379 | 6,248,755 |
| Construction in progress | 73,434,225 | 476,955 |
| Total | 388,540,961 | 8,097,839 |
| Less Accumulated depreciation | 130,516,743 | 4,707,516 |
| Total | $ 258,024,218 | $ 3,390,323 |

### E. Retirement Plans

Each qualified employee is included in one of two retirement plans in which the City of Lubbock participates. These are the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund. The City does not maintain the accounting records, hold the investments or administer either fund.

Summary of significant data for each retirement plan follows:

III. Detail Notes on all Funds and Account Groups

E. Retirement Plans

- **Texas Municipal Retirement System**

**Plan Description**

The City provides pension benefits for all of its full-time employees with the exception of firefighters through a nontraditional, joint contributory , defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 570 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average effective rate. At retirement, the benefit is calculated as if the sum of the employees's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

## III. Detail Notes on all Funds and Account Groups

Members can retire at ages 60 and above with 10 or more years of service or with 25 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

The contribution rate for the employees is 6%, and the City matching percent is currently 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period.

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Texas Municipal Retirement System**

Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January, 1991. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to be aware of its contribution rate in advance in order to budget for it, there a one-year lag between the actuarial evaluation that is the basis for the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 1991 was $49,364,345, and the City's contributions were based on a payroll of $37,474,683. Both the City and the covered employees made the required contributions, amounting to $4,242,319 (9.47% of covered payroll for the months in calendar year 1990, 6.49% normal cost plus 2.98% to amortize the unfunded actuarial liability, and 11.31% for the months in calendar year 1991, 7.79% normal cost plus 3.52% to amortize the unfunded actuarial liability) for the City and $2,248,481 (6%) for the employees. The City adopted changes in the plan since the previous actuarial valuation, which had the effect of increasing the City's contribution rate for 1991 by 1.80% of payroll. There were no related-party transactions.

## III. Detail Notes on all Funds and Account Groups

### Funding Status and Progress

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit obligation through the periodic adoption of increases in benefit credits and benefits. Statement No. 5 of the Governmental Accounting Standards Board (GASB 5) defined pension benefit obligation as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of public employee pension plans, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee pension plans.

The pension benefit obligation shown below is similar in nature to the standardized disclosure measure required by GASB 5 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 1990. Because of the money-purchase nature of the plan, the interest rate assumption, currently 8.5% per year, does not have as much impact on the results as it does for a defined benefit plan. Market value of assets is not determined for each city's plan, but the market value of assets for TMRS as a whole was 106.2% of book value as of December 31, 1990.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

# III. Detail Notes on all Funds and Account Groups

## E. Retirement Plans

### - Texas Municipal Retirement System

Pension Benefit Obligation

| | |
|---|---|
| Annuitants currently receiving benefits | $ 8,125,918 |
| Terminated employees | 3,019,518 |
| Current employees | |
| Accumulated employee contributions including allocated invested earnings | 26,068,999 |
| Employer-financed vested | 45,728,533 |
| Employer-financed nonvested | 5,484,465 |
| Total | $ 88,427,433 |
| Net Assets Available for Benefits, at Book Value | $ 67,453,028 |
| Unfunded Pension Benefit Obligation | $ 20,974,405 |

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the City contribution rate are the same as those used to compute the pension benefit obligation. The numbers above reflect the adoption of changes in the plan since the previous actuarial valuation, which had the effect of increasing the pension benefit obligation by $3,373,397.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### Texas Municipal Retirement System
### Required Supplemental Disclosure
### 10 Year Historical Information

### Analysis of Funding Progress

| As of 12/31 | Net Assets Available for Benefits | Pension Benefit Obligation | Percentage Funded | Unfunded Pension Benefit Obligation | Annual Covered Payroll | Unfunded PBO as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1981 | $19,865,089 | $29,531,681 | 67.2% | $ 9,666,592 | $22,838,980 | 42.3% |
| 1982 | 23,732,680 | 37,701,629 | 62.9 | 13,968,949 | 25,013,380 | 55.9 |
| 1983 | 27,399,977 | 42,652,821 | 64.2 | 15,252,844 | 27,051,600 | 56.4 |
| 1984 | 32,135,358 | 47,609,765 | 67.5 | 15,474,407 | 28,511,360 | 54.3 |
| 1985 | 36,379,281 | 52,393,316 | 69.4 | 16,014,035 | 33,420,720 | 47.9 |
| 1986 | 41,954,383 | 58,271,284 | 72.0 | 16,316,901 | 31,233,200 | 52.2 |
| 1987 | 47,678,645 | 67,617,486 | 70.5 | 19,938,841 | 31,757,680 | 62.8 |
| 1988 | 52,910,917 | 68,298,980 | 77.5 | 15,388,063 | 32,610,725 | 47.2 |
| 1989 | 59,340,355 | 76,642,544 | 77.4 | 17,302,189 | 36,506,033 | 47.4 |
| 1990 | 67,453,028 | 88,427,433 | 76.3 | 20,974,405 | 38,580,778 | 54.4 |

### Texas Municipal Retirement System

### Revenues by Source

| As of 12/31 | Employee Contributions | Employer Contributions | Investment Income | Other | Total | Employer Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1981 | $1,141,949 | $1,703,725 | $1,667,865 | 0 | $ 4,513,539 | 07.5% |
| 1982 | 1,250,669 | 1,668,393 | 2,113,266 | 0 | 5,032,328 | 06.7 |
| 1983 | 1,352,580 | 1,958,536 | 2,518,293 | 0 | 5,829,409 | 07.2 |
| 1984 | 1,425,568 | 2,044,264 | 3,033,240 | 0 | 6,503,072 | 07.2 |
| 1985 | 1,671,036 | 2,372,632 | 3,519,432 | 6,393 | 7,569,493 | 07.1 |
| 1986 | 1,561,660 | 2,462,401 | 4,075,372 | ( 450) | 8,098,983 | 07.9 |
| 1987 | 1,587,884 | 2,475,870 | 4,610,402 | 0 | 8,674,156 | 07.8 |
| 1988 | 1,630,536 | 2,704,942 | 5,217,750 | 32,496 | 9,585,724 | 08.3 |
| 1989 | 1,732,448 | 2,965,951 | 5,819,041 | 0 | 10,517,440 | 08.1 |
| 1990 | 1,873,498 | 3,481,188 | 6,545,398 | 219,632 | 12,119,716 | 09.0 |

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Texas Municipal Retirement System**

Expenses by Type

| As of 12/31 | Transfers Current Service Annuity Reserve Fund | Administrative Expenses | Refunds | Total |
|---|---|---|---|---|
| 1981 | $ 376,846 | $ 317,695 | $524,011 | $1,218,552 |
| 1982 | 782,258 | 361,185 | 522,942 | 1,666,385 |
| 1983 | 1,154,481 | 520,686 | 425,616 | 2,100,783 |
| 1984 | 807,921 | 552,408 | 468,690 | 1,829,019 |
| 1985 | 1,655,712 | 620,760 | 477,873 | 2,754,345 |
| 1986 | 1,959,906 | 705,430 | 438,145 | 3,103,481 |
| 1987 | 1,614,136 | 776,861 | 556,240 | 2,947,237 |
| 1988 | 2,994,355 | 834,648 | 541,990 | 4,370,993 |
| 1989 | 2,656,780 | 904,570 | 527,309 | 4,088,659 |
| 1990 | 2,500,012 | 985,269 | 523,057 | 4,008,338 |

- **Firemen's Relief and Retirement Fund**

**Plan Details**

The Board of Trustees of the Lubbock Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan maintained for members of the City of Lubbock Fire Department under provisions of applicable law of the State of Texas.

All firefighters in the Lubbock Fire Department are covered by the Lubbock Firemen's Relief and Retirement Fund. The table below summarizes the membership of the fund at December 31, 1990:

| | |
|---|---|
| 1. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 160 |
| 2. Current employees | |
| a. Vested | 152 |
| b. Nonvested | 104 |
| | --- |
| 3. Total | 416 |

**III. Detail Notes on all Funds and Account Groups**

The Lubbock Firemen's Relief and Retirement Fund provides retirement, death, disability and withdrawal benefits.

These benefits become fully vested after 20 years of credited service. Employees may retire at age 50 with 20 years of service. A partially vested benefit is provided for employees who terminate employment with at least 10 but less than 20 years of service. The monthly benefit at retirement, payable in a Joint and 2/3 Spouse form of annuity, is equal to 65.00% of the final 48-month average salary plus $74.00 per month for each year of service in excess of 20 years.

This plan of benefits is described as the "new plan" and became effective October 23, 1989 as a result of the December 31, 1988 valuation. Prior to October 23, 1989 the "old plan" was in effect. Under that plan, the normal service retirement benefit was equal to 64.5% of highest 48-month average salary plus $66.00 per month for each year of service in excess of 20 years.

Under this plan, Lubbock firefighters are required to contribute 11.00% of their pay to the fund. The City of Lubbock's contributions are based on a formula which causes the City's contribution rate to fluctuate from year to year, but which will average not less than 12.50% of payroll over the 27-year period beginning October 23, 1989. The City's rate at September 30, 1990 was 14.89%. The benefit and contribution provisions of this plan are authorized by the Texas Local Firefighters Retirement Act.

III. **Detail Notes on all Funds and Account Groups**

E. **Retirement Plans**

- **Firemen's Relief and Retirement Fund**

1. Basis of Accounting - The Lubbock Firemen's Relief and Retirement Fund financial statements are prepared using the cash basis of accounting. The fund's fiscal year is the calendar year. Employee and employer contributions are recognized as revenues in the period which they are received by the fund.

2. Method Used to Value Investments - The Lubbock Firemen's Relief and Retirement Fund's investments are reported at original cost. There is no provision for the amortization of premium or discount in the purchase price of these assets. Investment income is recognized as it is received. Gains and losses on sales of assets are recognized on the transaction dates.

**Funding Status and Progress**

The amount shown below as "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future as a result of employee service to date. These benefits have been adjusted for the effects of projected salary increases.

The "Pension Benefit Obligation" is the actuarial present value of credited projected benefits and is intended to help users assess the Lubbock Firemen's Relief and Retirement Fund's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. This measure is independent of the actuarial funding method used to perform the actuarial valuation.

## III. Detail Notes on all Funds and Account Groups

As a result of the adoption of the new plan, the pension benefit obligation as of December 31, 1989 increased $1,412,516 over what it would have been under the old plan. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets equal to 8.50% compounded annually, (b) projected salary increases of 7.00% compounded annually, attributable to inflation, (c) additional projected salary increases which average approximately 1.00% per year, attributable to merit, promotion and longevity and (d) no post-retirement benefit increases.

**Pension Benefit Obligation**

| | December 31, 1990 |
|---|---|
| 1. Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | $24,094,085 |
| 2. Current employees | |
| a. Accumulated employee contributions | 6,591,675 |
| b. Employer-financed vested | 13,655,966 |
| c. Employer-financed nonvested | 1,036,658 |
| 3. Total Pension Benefit Obligation | $45,378,384 |
| 4. Net assets available for benefits, at cost (market value at 12/31/90 is $41,224,093) | $34,663,471 |
| 5. Unfunded Pension Benefit Obligation | $10,714,913 |

**Contributions Required and Contributions Made**

For the plan in effect December 31, 1990 the funding policy of the Lubbock Firemen's Relief and Retirement Fund required contributions equal to 11.00% of pay by the firefighters and contributions which would average not less than 12.50% of pay by the City over the 27-year period beginning October 23, 1990. For the 1990 calendar year, contributions made were equal to 11.00% of pay by the firefighters and 14.89% of pay by the City.

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Firemen's Relief and Retirement Fund**

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method the plan's normal cost is determined as a percentage of payroll.

The excess of the total contribution rate over the normal cost rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method. For the old plan in effect on December 31, 1988 the normal cost was 18.53% of pay and the amortization period was approximately 20 years. For the new plan adopted in October, 1989, the normal cost is 19.04% of pay and the amortization period is approximately 15 years based on a December 31, 1990 valuation date.

For the 1990 calendar year total contributions of $2,003,194 were required and paid into the fund. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. During the transition period when 10 years of the standardized measure of the pension obligation is unavailable, the information will be presented only for as many years as the measure is available.

Further details concerning the financial position of the Fund and the latest actuarial valuation are available by contacting the Board of Trustees, Firemen's Relief and Retirement Fund, City of Lubbock, P.O. Box 2000, Lubbock, Texas 79457.

## III. Detail Notes on all Funds and Account Groups

### Firemen's Relief and Retirement Fund
### Required Supplemental Disclosure
### Historical Trend Information

### Analysis of Funding Progress

| As of 12/31 | Net Assets Available Benefits* | Pension Benefit Obligation | Percentage Funded | Unfunded Pension Benefit Obligation | Annual Covered Payroll | Unfunded PBO as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1987 | $42,780,282 | $47,785,715 | 89.5% | $5,005,433 | $6,524,303 | 76.7% |
| 1988 | 28,739,352 | 38,112,853 | 75.4 | 9,373,501 | 6,770,331 | 138.4 |
| 1989** | 32,209,973 | 42,013,008 | 76.7 | 9,803,035 | 7,338,261 | 133.6 |
| 1990 | 34,663,461 | 45,378,384 | 76.4 | 10,714,923 | 7,737,659 | 138.5 |

* At cost on December 31 of that year.

** In October, 1989 the plan was amended to increase standard retirement benefits from 64.50% to 65.00% of average salary and to increase additional monthly seniority benefits from $66.00 to $74.00 for each year of service in excess of 20 years. The amendment increased the pension benefit obligation as of December 31, 1989 by $1,412,516.

### Firemen's Relief and Retirement Fund

### Revenues by Source

| As of 12/31 | Employee Contribution | Employer Contribution | Investment Income | Other | Total | Employer Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 1980 | $438,286 | $535,157 | $ 819,759 | $ 0 | $1,793,202 | 11.1% |
| 1981 | 511,944 | 553,877 | 1,052,505 | 0 | 2,118,326 | 10.1 |
| 1982 | 573,611 | 698,565 | 1,211,627 | 0 | 2,483,803 | 11.6 |
| 1983 | 629,811 | 755,922 | 1,839,892 | 0 | 3,225,625 | 11.8 |
| 1984 | 690,410 | 836,619 | 2,447,204 | 1,891 | 3,976,124 | 12.6 |
| 1985 | 720,016 | 889,620 | 3,048,840 | 5 | 4,658,481 | 13.0 |
| 1986 | 766,468 | 942,620 | 2,778,953 | 2,033 | 4,490,074 | 13.2 |
| 1987 | 748,051 | 921,523 | 2,723,038 | 35,411 | 4,428,023 | 12.4 |
| 1988 | 744,736 | 936,880 | 2,897,527 | 0 | 4,579,143 | 13.8 |
| 1989 | 807,209 | 1,036,997 | 4,008,844 | 7,982 | 5,861,032 | 14.1 |
| 1990 | 851,143 | 1,152,051 | 3,132,162 | 0 | 5,135,356 | 14.9 |

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Firemen's Relief and Retirement Fund**

Firemen's Relief and Retirement Fund
Expenses by Type

| As of 12/31 | Benefits | Administrative Expenses | Refunds | Total |
|---|---|---|---|---|
| 1980 | $ 380,384 | $ 34,874 | $19,247 | $ 434,505 |
| 1981 | 470,787 | 30,727 | 36,028 | 537,542 |
| 1982 | 662,019 | 45,233 | 26,657 | 733,909 |
| 1983 | 730,050 | 66,630 | 6,824 | 803,504 |
| 1984 | 945,199 | 90,131 | 34,039 | 1,069,369 |
| 1985 | 1,046,806 | 248,499 | 0 | 1,295,305 |
| 1986 | 1,301,712 | 470,606 | 49,358 | 1,821,676 |
| 1987 | 1,722,194 | 147,148 | 40,161 | 1,909,503 |
| 1988 | 2,040,693 | 150,934 | 15,081 | 2,206,708 |
| 1989 | 2,111,733 | 278,679 | 0 | 2,390,412 |
| 1990 | 2,448,809 | 197,937 | 35,122 | 2,681,868 |

### F. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchases with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participant's rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

## III. Detail Notes on all Funds and Account Groups

In management's opinion, the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. All assets of the plan are held by an independent administrator and valued at market. The deferred compensation plan is included in the City's financial statements as an agency fund.

### G. Surface Water Supply

- **Canadian River Municipal Water Authority**

The Canadian River Municipal Water Authority (CRMWA) is a Conservation and Reclamation District established by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding cities. The District was created in 1953 and comprises eleven cities, including the City. The budgetary, financing and operations of the District are governed by a Board of Directors selected by the governing bodies of each of the member cities, each city being entitled to one or two members dependent upon population. At September 30, 1991 the Board was comprised of 19 members, two of which represented the City of Lubbock.

The City contracted with the Canadian River Municipal Water Authority to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct system in exchange for surface water. Accordingly, such payments are made solely out of water system revenues and are not general obligations of the City. The City's pro rata share of annual fixed and variable operating and reserve assessments is recorded as an expense of obtaining surface water.

## III. Detail Notes on all Funds and Account Groups

### G. Surface Water Supply

- **Canadian River Municipal Water Authority**

The long term debt is owed to the U.S. Bureau of Reclamation for the cost of construction of the facility, which was completed in 1969. The City's allocation of project cost was $32,905,862. During the year ended September 30, 1991, principal payments in the amount of $652,998 reduced principal amounts outstanding at September 30, 1990 in the amount of $26,540,464. The balance due to the authority on the contract at September 30, 1991 was $25,887,466, due in annual installments of $1,351,543 including interest of 2.632% until the year 2018. The above cost for the rights are being amortized over 85 years. The cost and debt are recorded in the Water Enterprise Fund.

GAAP requires accounting for debt service as a reduction in construction obligations payable and related interest expense. However, the contract between the City and CRMWA requires the classification of payments to the Authority to be reflected as operating expenses of the Water Fund. Accordingly, the adjustment required to convert GAAP expenses to the contractual agreement results in an adjustment to increase operating expenses for principal in the amount of $652,998, interest in the amount of $698,545 and reduce amortization by $387,128.

- **Brazos River Authority - Lake Alan Henry**

During 1989, the City entered into an agreement with the Brazos River Authority for the construction, maintenance and operation of the facilities to be known as Lake Alan Henry. The BRA, which is authorized by the State of Texas to provide for the conservation and development of surface waters in the Brazos River Basin, will issue bonds for the construction of the dam and lake facilities on the South Fork of the Double Mountains Fork of the Brazos River. Total costs are expected to exceed $120 million.

The agreement obligates the City to provide revenues to the authority in amounts sufficient to cover all maintenance and operating costs, management fees to the authority, as well as funds sufficient to pay all capital costs associated with construction. The City will receive surface water for the payments to the Authority.

## III. Detail Notes on all Funds and Account Groups

The BRA issued $16,970,000 in bonds in 1989 and $39,685,000 in bonds in 1991, respectively. Construction of the dam and lake facilities began in 1989. The City is obligated to provide sufficient funds over the next 30 years to service the debt requirement of these bonds. The financial activity is accounted for in the Water Enterprise Fund.

### H. Other Enterprise Fund Activities

#### Enterprise Fund Transfers

Transfers to the General Fund from the Electric, Water and Sewer Enterprise Funds, in the opinion of management, exceed the amount that would have been paid to the City if these funds were private sector companies engaged in the same enterprises. In addition to the amount transferred in excess of private sector taxes, there is also an amount transferred to compensate the General Fund for shared services and indirect cost.

### I. Segment Information - Enterprise Funds

The City maintains nine enterprise funds which provide electric, water, sewer, sanitation, airport, golf, cultural and education, transportation, and new business support services. Segment information for the year ended September 30, 1991, was as follows:

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock | Citibus Fund | Center for Innovation | Total Enterprise Fund |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating revenues | 49,142,119 | 21,821,722 | 9,896,067 | 6,340,137 | 4,064,177 | 853,926 | 1,498,859 | 1,269,103 | 146,214 | 94,632,314 |
| Depreciation expense | 3,061,867 | 2,042,676 | 1,311,098 | 814,618 | 1,424,769 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 |
| Operating income (loss) | 12,855,099 | 10,006,058 | 4,247,356 | 576,897 | (976,991) | (106,357) | 54,545 | (2,030,619) | (227,039) | 24,396,049 |
| Operating transfers: | | | | | | | | | | |
| In (out) | (5,087,836) | (1,768,916) | (572,398) | (188,622) | (421,490) | 0 | 0 | 409,658 | 89,183 | (7,538,621) |
| Net income (loss) | 8,070,102 | 6,543,165 | 3,426,658 | 708,223 | (1,171,778) | (163,658) | 54,689 | (148,851) | (52,856) | 17,265,694 |
| Current capital – | | | | | | | | | | |
| contributions | 0 | 253,789 | 229,528 | 0 | 1,963,736 | 0 | 0 | 333,241 | 252,445 | 3,032,739 |
| Property, plant, and equipment: | | | | | | | | | | |
| Additions | 8,553,703 | 10,467,950 | 11,979,835 | 2,046,227 | 7,684,283 | 278,245 | 30,990 | 333,241 | 249,613 | 41,624,087 |
| Deletions | 5,583,402 | 1,374,971 | 2,741,819 | 723,790 | 4,749,723 | 177,712 | 0 | 171,423 | 0 | 15,522,840 |
| Net working capital | 10,646,861 | (3,228,276) | (568,834) | (926,053) | 166,686 | (728,376) | 132,153 | 70,000 | (6,104) | 5,558,037 |
| Allowance for doubtful | | | | | | | | | | |
| accounts | 656,023 | 136,327 | 38,623 | 60,445 | 10,085 | 0 | 0 | 0 | 0 | 901,503 |
| Total assets | 127,329,277 | 193,841,844 | 49,846,841 | 8,633,615 | 41,165,058 | 1,615,703 | 645,957 | 2,426,808 | 218,927 | 425,923,230 |
| Bonds and other long-term liabilities payable | | | | | | | | | | |
| from operation revenues | 40,467,756 | 115,447,938 | 15,126,951 | 2,033,032 | 688,691 | 707,630 | 1,269 | 70,000 | 0 | 174,543,467 |
| Total equity | 77,239,907 | 71,323,883 | 33,214,222 | 5,144,934 | 39,942,403 | 293,395 | 296,405 | 1,821,055 | 199,589 | 229,475,793 |

## III. Detail Notes on all Funds and Account Groups

### J. Lease Agreements

The City has entered into lease agreements with independent third parties for the purpose of acquiring certain properties and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital Leases at September 30, 1991 were as follows:

| | Maturity Dates | Interest Rate | Balance Outstanding |
|---|---|---|---|
| Enterprise Funds | | | |
| 1987 - Sprinkler system | 1992 | 6.25% | $ 3,906 |
| 1991 - Scraper | 1996 | 7.50% | 233,955 |
| Total Enterprise Funds | | | $237,861 |
| Internal Service | | | |
| 1990 - Telephone Equipment | 1995 | 8.44% | $188,796 |
| Total | | | $426,657 |

Future minimum lease payments are as follows at September 30, 1991.

| Fiscal Year Ended September 30 | |
|---|---|
| 1992 | $136,065 |
| 1993 | 132,067 |
| 1994 | 132,067 |
| 1995 | 88,616 |
| 1996 | 5,574 |
| Total Minimum Lease Payments | $494,389 |
| Less: Interest | 67,732 |
| Present Value of Future Minimum Lease Payments | $426,657 |

## III. Detail Notes on all Funds and Account Groups

The following is a summary of assets acquired under the above capital leases at September 30, 1991.

| | |
|---|---|
| Land Betterments | $ 14,695 |
| Equipment | 554,069 |
| Total | 568,764 |
| Less: Accumulated Amortization | 74,365 |
| Total | $ 494,399 |

Amortization expense on assets under capital leases is included in depreciation expense.

The City enters into monthly leases for various items of equipment for purposes of evaluating a future purchase. Accordingly, at September 30, 1991 the City had no material initial or remaining non-cancellable leases with terms exceeding one year. Rent expenses for 1991 and 1990 were $1,451,663 and $1,209,613 respectively.

The BCD (dba Center for Innovation) is committed under a lease for office space for the property at 2579 South Loop 289. The lease expires in September 1995, requires monthly payments, and its continuance is contingent upon the BCD receiving funding from the City for the Center for Innovation. The lease becomes a month-to-month tenancy at the end of the year in which such funding is eliminated. Annual future lease obligations are $115,150 for each year.

The CFI subleases space in the building occupied by the CFI to tenants in accordance with the business philosophy under which the CFI was created, which is to develop an environment that provides accessibility to a variety of business and economic services. Rental income of CFI tenants under the one-year cancelable subleases for the year ended September 30, 1991 totaled $124,895, of which $96,000 was attributable to rent incurred by the General Fund.

## III. Detail Notes on all Funds and Account Groups

### J. Lease Agreements

On October 1, 1990, the BCD entered into a one-year contract with Texas Tech University to furnish office space and pay $115,000 as a portion of the matching funds required to be furnished by the Texas Tech University Small Business Development Center ("TTUSBDC") under the terms of the U.S. Small Business Administration Notice of Award. The office space is utilized as an "in-kind" contribution under the Notice of Award.

During the year ended September 30, 1991, the BCD incurred rental expense on behalf of TTUSBDC offices of $11,798 through December 31, 1990, stemming from a commitment to TTUSBDC to pay for office space in another location vacated as a result of the BCD moving into a new facility.

Civic Lubbock, Inc. leases certain space in a retail shopping area in Lubbock, Texas for the purpose of ticket sales and solicitation of civic and promotional events. Payments under this lease agreement are made monthly and the lease expires in March, 1995. Annual future lease payments are as follows:

| Year Ending September 30 | |
|---|---|
| 1992 | $ 8,304 |
| 1993 | 8,304 |
| 1994 | 8,304 |
| 1995 | 4,152 |
| | $ 29,064 |

Total rent expense for the year ended September 30, 1991 was $34,888.

Citibus has contracted with Goodyear Tire and Rubber Co. ("Goodyear") to provide tires through August 1994. Citibus pays a flat rate per mile for the first 42,000 miles and one-half that rate for excess mileage. The flat rate is adjusted each six months based on Goodyear's manufacturing costs. The total amount paid for 1991 was $42,360.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 1991.

| | Obligation Bonds*** | Revenue Bonds | Notes | Leases | Compensated Absences | Total |
|---|---|---|---|---|---|---|
| Debt Payable 10-01-90 | $79,011,942 | $56,321,528 | $3,034,127 | $516,330 | $8,601,524 | $147,485,451 |
| New Debt Issued | 24,380,000 | 56,029,464 | 0 | 233,955 | 478,782 | 81,122,201 |
| Debt Retired | (7,679,329) | (12,901,897) | (51,695) | (323,628) | 0 | (20,956,549) |
| Debt Payable 09-30-91 | $95,712,613* | $99,449,095** | $2,982,432 | $426,657 | $9,080,306 | $207,651,103 |

* Includes $71,139 discount on bonds sold and $53,308,836 on bonds issued to finance enterprise funds.
** Includes $31,149 premium on bonds sold and $817,019 discount on bonds sold.
*** Includes Certificates of Obligation.

Bonds payable at September 30, 1991 are comprised of the following individual individual issues:

**General Obligation Bonds and Certificates of Obligation:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30, 1991 |
|---|---|---|---|---|
| 7.90 | 5-15-83 | 2-15-03 | $ 18,775,000 | $ 11,375,000 |
| 7.86** | 11-15-85 | 2-15-03 | 60,614,070 | 31,949,070 |
| 7.65 | 4-15-87 | 2-15-07 | 5,960,000 | 4,800,000 |
| 7.35 | 5-15-88 | 2-15-03 | 750,000 | 670,000 |
| 7.46 | 5-15-88 | 2-15-08 | 6,560,000 | 5,585,000 |
| 7.63 | 8-15-88 | 2-15-07 | 5,000,000 | 4,800,000 |
| 7.11*** | 8-15-88 | 2-15-00 | 2,774,682 | 2,028,543 |
| 6.84 | 8-15-89 | 2-15-09 | 3,800,000 | 3,420,000 |
| 6.83 | 8-15-89 | 2-15-09 | 7,445,000 | 6,705,000 |
| 6.64 | 5-15-91 | 2-15-11 | 16,120,000 | 16,120,000 |
| 6.67 | 5-15-91 | 2-15-11 | 4,030,000 | 4,030,000 |
| 6.29 | 5-15-91 | 2-15-01 | 1,145,000 | 1,145,000 |
| 9.01 | 5-15-91 | 2-15-11 | 1,085,000 | 1,085,000 |
| 6.69 | 5-15-91 | 2-15-11 | 2,000,000 | 2,000,000 |
| Total GO and CO Bonds | | | $136,058,752* | $ 95,712,613 |

* Includes $72,901,806 issued to finance enterprise activities.
** Refunding Bonds issued to replace bonds issued 1966-1982 and 1984.
*** Refunding Bonds issued to replace Certificates of Obligation issued in 1986. Balance outstanding includes $71,139 discount on bonds sold.

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

**Electric Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30,1991 |
|---|---|---|---|---|
| 4.35 to 6.50 | 7-15-73 | 4-15-93 | $ 6,000,000 | $ 600,000 |
| 4.50 to 7.00 | 3-15-75 | 4-15-95 | 6,400,000 | 1,280,000 |
| 5.00 to 7.50 | 9-15-75 | 4-15-96 | 2,000,000 | 500,000 |
| 6.25* | 4-15-76 | 4-15-97 | 4,400,000 | 1,351,149 |
| 8.00 to 8.15** | 5-15-83 | 4-15-93 | 10,770,000 | 1,120,000 |
| 8.75 to 9.10 | 4-15-84 | 4-15-94 | 10,000,000 | 1,500,000 |
| 7.00 to 10.00 | 4-15-87 | 4-15-07 | 7,000,000 | 5,600,000 |
| 7.00 to 10.00 | 5-15-88 | 4-15-08 | 17,000,000 | 14,450,000 |
| 6.25 to 9.20 | 5-15-91 | 4-15-11 | 7,500,000 | 7,500,000 |
| 5.00 to 6.50*** | 7-15-91 | 4-15-02 | 4,424,976 | 4,424,976 |
| 5.00 to 6.60**** | 7-15-91 | 4-15-04 | 4,999,981 | 4,999,989 |
| Total Electric Revenue | | | $ 80,494,957 | $43,326,114 |

* These bonds were issued at a premium to yield an effective rate of 5.58%. Balance outstanding includes $31,149 premium on bonds sold.
** Refunding bonds issued to replace bonds issued August 15, 1981.
*** Refunding bonds issued for a partial refunding of the bonds issued May 15, 1983.
**** Refunding bonds issued for a partial refunding of the bonds issued April 15, 1984.

**Water Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30,1991 |
|---|---|---|---|---|
| 6.9 to 9.0 | 10-15-89 | 8-15-19 | $ 16,970,000 | $16,393,481* |
| 6.8 to 8.8 | 01-15-91 | 8-15-21 | 39,685,000 | 39,104,500** |
| Total Water Revenue | | | $ 56,655,000 | $55,497,981 |

* Balance outstanding includes $236,519 discount on bonds sold.
** Balance outstanding includes $580,500 discount on bonds sold.

**Airport Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30, 1991 |
|---|---|---|---|---|
| 4.5 to 5.5 | 9-15-78 | 9-15-98 | $ 1,730,000 | $ 625,000 |
| Total Airport Revenue | | | $ 1,730,000 | $ 625,000 |
| Total GO Bonds, CO and Revenue Bonds | | | $274,938,709 | $195,161,708 |

## III. Detail Notes on all Funds and Account Groups

The annual requirements to amortize all outstanding debt of the City as of September 30, 1991, including interest payments of $157,116,533, are as follows:

Annual Requirements to Amortize Long-Term Debt
September 30, 1991

Category of Long-Term Debt

| Year End | General Obligation Bonds | Revenue Bonds | Notes | Lease | Total |
|---|---|---|---|---|---|
| 1991-92 | $ 15,809,459 | $ 11,773,857 | $ 430,313 | $136,065 | $ 28,149,694 |
| 1992-93 | 14,215,654 | 11,459,335 | 413,271 | 132,067 | 26,220,327 |
| 1993-94 | 13,319,803 | 10,829,378 | 3,048,482 | 132,067 | 27,329,730 |
| 1994-95 | 12,247,766 | 10,513,403 | 19,626 | 88,616 | 22,869,411 |
| 1995-96 | 11,751,083 | 9,885,987 | 0 | 5,574 | 21,642,644 |
| 1996-97 | 11,121,930 | 9,491,693 | 0 | 0 | 20,613,623 |
| 1997-98 | 10,557,495 | 9,000,367 | 0 | 0 | 19,557,862 |
| 1998-99 | 9,876,959 | 8,664,220 | 0 | 0 | 18,541,179 |
| 1999-00 | 8,914,375 | 8,425,395 | 0 | 0 | 17,339,770 |
| 2000-01 | 7,779,920 | 8,185,400 | 0 | 0 | 15,965,320 |
| 2001-02 | 6,426,423 | 7,937,005 | 0 | 0 | 14,363,428 |
| 2002-03 | 5,545,990 | 7,351,718 | 0 | 0 | 12,897,708 |
| 2003-04 | 3,709,725 | 7,186,342 | 0 | 0 | 10,896,067 |
| 2004-05 | 3,525,488 | 6,569,042 | 0 | 0 | 10,094,530 |
| 2005-06 | 3,349,400 | 6,439,985 | 0 | 0 | 9,789,385 |
| 2006-07 | 3,169,328 | 6,337,463 | 0 | 0 | 9,506,791 |
| 2007-08 | 2,369,578 | 5,891,930 | 0 | 0 | 8,261,508 |
| 2008-09 | 1,918,637 | 4,961,842 | 0 | 0 | 6,880,479 |
| 2009-10 | 1,268,013 | 4,942,200 | 0 | 0 | 6,210,213 |
| 2010-11 | 1,199,337 | 4,932,808 | 0 | 0 | 6,132,145 |
| 2011-12 | 0 | 4,537,265 | 0 | 0 | 4,537,265 |
| 2012-13 | 0 | 4,552,240 | 0 | 0 | 4,552,240 |
| 2013-14 | 0 | 4,574,915 | 0 | 0 | 4,574,915 |
| 2014-15 | 0 | 4,593,920 | 0 | 0 | 4,593,920 |
| 2015-16 | 0 | 4,608,575 | 0 | 0 | 4,608,575 |
| 2016-17 | 0 | 4,633,190 | 0 | 0 | 4,633,190 |
| 2017-18 | 0 | 4,646,060 | 0 | 0 | 4,646,060 |
| 2018-19 | 0 | 4,671,840 | 0 | 0 | 4,671,840 |
| 2019-20 | 0 | 3,228,480 | 0 | 0 | 3,228,480 |
| 2020-21 | 0 | 3,236,040 | 0 | 0 | 3,236,040 |
| Total | $148,076,363 | $204,061,895 | $3,911,692 | $494,389 | $356,544,339* |

* This schedule reflects actual principal and interest payments and does not include the effect of premiums or discounts.

The City has complied in all material respects to the bond covenants as outlined in each issue's indenture.

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

The total long-term debt is reconciled to the total annual requirements to amortize long-term debt as follows:

| | | |
|---|---|---|
| Long-Term Debt | $207,651,103 | |
| Interest | 157,116,533 | |
| Carrying Amount of Debt | | $364,767,636 |
| Add: Discounts | $ 888,158 | |
| Less: Premiums | (31,149) | |
| Compensated Absences | (9,080,306) | |
| | | $ (8,223,297) |
| Total Long-Term Debt | | $356,544,339 |

Changes in General Long-Term Debt for the year ended September 30, 1991 are summarized as follows:

| | General Long-Term Debt Payable 10-01-90 | Additions | Deletions | General Long-Term Debt Payable 09-30-91 |
|---|---|---|---|---|
| Notes payable | $ 2,908,025 | $ 0 | $ 28,105 | $ 2,879,920 |
| Leases payable | 235,861 | 0 | 235,861 | 0 |
| General obligation bonds payable | 39,179,107 | 7,115,000 | 3,819,190 | 42,474,917 |
| Accumulated unpaid vacation and sick leave | 6,339,730 | 322,507 | 0 | 6,662,237 |
| Arbitrage rebate liability | 227,909 | 22,862 | 0 | 250,771 |
| Total General Long-Term Debt | $48,890,632 | $ 7,460,369 | $ 4,083,156 | $52,267,845 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

Long-term debt obligations of Civic Lubbock, Inc. at September 30, 1991 are summarized as follows:

| | |
|---|---|
| Note Payable to the Plains National Bank of Lubbock, dated March 1, 1990 in the original amount of $130,000, payable on demand, or if no demand is made, in monthly installments of $2,853, including interest at 11%, maturing April 1, 1995, collateralized by Select-A-Seat equipment. | $ 99,575 |
| Notes Payable to Southwestern Bell Telecommunications, Inc., dated April 27, 1990 in the original amount of $5,035, payable in monthly installments of $148, including interest at 4%, maturing July 1, 1993, collateralized by telephone system equipment. | $ 2,960 |
| | 102,535 |
| Less current maturities | 101,266 |
| Long-term debt, less current maturities | $ 1,269 |

Maturities of long-term debt as of September 30, 1991 are as follows:

| | |
|---|---|
| 1992 | $ 26,188 |
| 1993 | 28,601 |
| 1994 | 30,494 |
| 1995 | 17,252 |
| Total | $ 102,535 |

## III. Detail Notes on all Funds and Account Groups

### L. Advanced Defeasement

On August 15, 1991, the City of Lubbock issued $9,424,964 Electric Light and Power System Revenue Bonds dated July 15, 1991. These bonds are made up of the Series 1991A Bonds and Series 1991B Bonds. The $4,424,975 Series 1991A Bonds were used to advance refund $4,425,000 Electric Light and Power System Refunding Revenue Bonds, Series 1982 for the payments due April 15, 1994 through April 15, 2002. The $4,999,988 Series 1991B Bonds were used to advance refund $5,000,000 Electric Light and Power System Revenue Bonds, Series 1984 for the payments due April 15, 1995 through April 15, 2004. The 1991A bonds are made up of $3,335,000 Current Interest Bonds and $1,089,975 Premium Capital Appreciation Bonds. The Series 1991B Bonds are made up of $4,030,000 Current Interest Bonds and $969,988 Premium Capital Appreciation Bonds.

A portion of the proceeds of the Series 1991A Bonds were used to purchase United States Treasury Securities--State and Local Government Series (the "Series 1991A Restricted Acquired Obligations") which were placed in an irrevocable trust to be used solely to refund that portion of the City's Electric Light and Power System Refunding Revenue Bonds, Series 1983 for payments due April 15, 1994 through April 15, 1995. As a result, these bonds are considered to be defeased and the liability of $4,425,000 has been removed from the books of the City of Lubbock.

A portion of the proceeds of the Series 1991B Bonds were used to purchase United States Treasury Securities--State and Local Government Series (the "Series 1991B Restricted Acquired Obligations"), which were placed in an irrevocable trust along with an initial cash deposit to be used solely to refund that portion of the City's Electric Light and Power System Revenue Bonds, Series 1984 for payments due April 15, 1995 through April 15, 2004. As a result, these bonds are considered to be defeased and the liability of $5,000,000 has been removed from the books of the City of Lubbock.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### Combined Sources and Uses of Funds

| Sources | Series 1991A Bonds | Series 1991B Bonds | Totals |
|---|---|---|---|
| Principal Amounts of Bonds: | | | |
| Current Interest Bonds | $3,335,000 | $4,030,000 | $ 7,365,000 |
| Premium Capital Appreciation Bonds | 1,089,975 | 969,988 | 2,059,963 |
| Premium on Premium Capital Appreciation Bonds | 414,199 | 653,355 | 1,067,554 |
| Accrued Interest | 16,166 | 20,297 | 36,463 |
| Total Sources | $4,855,340 | $5,673,640 | $10,528,980 |
| **Uses** | | | |
| Purchase Price of Restricted Acquired Obligations | $4,716,200 | $5,503,700 | $10,219,900 |
| Initial Cash Deposit | | 75 | 75 |
| Costs of Issuance | 45,000 | 50,000 | 95,000 |
| Underwriters' Discount | 53,230 | 62,186 | 115,416 |
| Insurance Premium | 20,028 | 25,084 | 45,112 |
| Original Issue Discount | 3,164 | 11,742 | 14,906 |
| Accrued Interest | 16,167 | 20,297 | 36,464 |
| Contingency | 1,551 | 556 | 2,107 |
| Total Uses | $4,855,340 | $5,673,640 | $10,528,980 |

### Calculation of Cash Flow Difference

| | Series 1991A Bonds | Series 1991B Bonds | Totals |
|---|---|---|---|
| Prior Debt Service Cash Flows | $7,071,128 | $8,874,500 | $15,945,628 |
| Less: New Debt Service Cash Flows | 6,692,316 | 8,381,812 | 15,074,128 |
| Reduced Debt Service | 378,812 | 492,688 | 871,500 |
| Plus: Accrued Interest | 16,166 | 20,298 | 36,464 |
| Total Reduced Debt Service | $ 394,978 | $ 512,986 | $ 907,964 |

## III. Detail Notes on all Funds and Account Groups

### L. Advanced Defeasement

**Calculation of Economic Gain**

| | | | |
|---|---|---|---|
| **Series 1991A:** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $ 5,100,276 |
| Present Value of New Debt Service at | 6.36% | $ 4,812,333 | |
| Less Accrued Interest | | 16,166 | 4,796,167 |
| Economic Gain on Transaction | | | $ 304,109 |
| **Series 1991B:** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $ 6,008,127 |
| Present Value of New Debt Service at | 6.36% | $ 5,656,631 | |
| Less Accrued Interest | | 20,298 | 5,636,333 |
| Economic Gain on Transaction | | | $ 371,794 |
| **Totals (Series 1991A and Series 1991B):** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $11,108,403 |
| Present Value of New Debt Service at | 6.36% | $10,468,964 | |
| Less Accrued Interest | | 36,464 | 10,432,500 |
| Economic Gain on Transaction | | | $ 675,903 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

III. **Detail Notes on all Funds and Account Groups**

M. **Accrued Insurance Claims**

As discussed in Note I.G., the Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Fund during the past two years ended September 30:

| | 1991 | 1990 |
|---|---|---|
| Unpaid claims and claim adjustment expenses at beginning of year | $1,045,047 | $1,165,406 |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of the current year | 420,627 | 330,017 |
| Increases in provision for insured events of prior years | 2,000,003 | 1,682,286 |
| Total incurred claims and claim adjustment expenses | 2,420,630 | 2,012,303 |
| Payments: | | |
| Claims and claim adjustment expenses attributable to insured events of the current year | 338,117 | 349,756 |
| Claims and claim adjustment expenses attributable to insured events of prior years | 1,723,571 | 1,782,906 |
| Total payments | 2,061,688 | 2,132,662 |
| Total unpaid claims and claim adjustment expenses at end of the year | $1,403,989 | $1,045,047 |

N. **Reporting Changes**

- **Senior Citizen Services Grant**

During the year it was determined the Senior Citizen Services and the Summer Food Services Program qualified for grant reporting as an Expendable Trust Fund. All accounting activity was moved from the General Fund and is reported as Other Grants in the Expendable Trust Funds.

## IV. Contingent Liabilities

### A. Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grants is not believed to be material.

### B. Litigation

The City is involved in numerous lawsuits arising in the normal course of business, including claims for property damage, personal injury and personnel practices, disputes over contract awards and property condemnation proceedings, and suits contesting the legality of certain taxes. In the opinion of management, the ultimate outcome of these lawsuits will not have a materially adverse effect on the City's financial position as of September 30, 1991.

## V. Financial Instruments

The City is subject to off-balance sheet risk associated with assets that are not recorded in the financial statements, specifically with respect to United States Treasury Securities--State and Local Government Series, held in an irrevocable trust to be used to refund a portion of the City's Electric Light and Power System Refunding Revenue Bonds, Series 1983 and 1984. Management feels that due to the nature of these securities, there is a minimal amount of credit or market risk associated with these securities.

Financial instruments which potentially subject the City to concentrations of credit risk consist primarily of demand deposits and trade receivables.

Management believes that the City places its demand deposits with high-credit quality financial institutions in amounts that are within the Federal Deposit Insurance Corporation limitations or are collateralized by pledged securities. Concentrations of credit risk are primarily focused on trade receivables which are due from customers. No significant credit losses from individual receivables were experienced during the year.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## VI. Subsequent Events

On January 18, 1992, the City of Lubbock will conduct a 1/2 cent sales tax election. If approved, 1/8 cent sales tax will be dedicated to the reduction of current ad valorem tax and 3/8 cent sales tax will be used for economic development projects.

During the next three years, the City will issue approximately $50 million of Certificates of Obligation in participation with the States Revolving Loan Fund, the proceeds of which will be used to construct sewer system improvements.

LUBBOCK TEXAS

## ENTERPRISE FUNDS

The Enterprise Funds are used to account for the operations of the City financed and operated in a manner similar to private business enterprises, where the intent is costing goods or services to the general public on a continuing basis to be recovered in whole or part through user charges. Included in this category are Lubbock Power and Light Electric Fund, Water Fund, Sewer Fund, Solid Waste Fund, Lubbock International Airport Fund, Meadowbrook Municipal Golf Course Fund, Civic Lubbock, Inc., Citibus Transit System, and the Center for Innovation.

# CITY OF LUBBOCK, TEXAS
## ENTERPRISE FUNDS
## COMBINING BALANCE SHEET
### September 30, 1991
### With Comparative Totals for September 30, 1990

| Assets | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current assets: | | | | | | | | | | | |
| Pooled cash and cash equivalents | $ 11,106,923 | $ 528,469 | $ 212,175 | $ 37,038 | $ 229,632 | $ 35,551 | $ 343,359 | $ 12,670 | $ 0 | $ 12,505,817 | $ 11,395,787 |
| Accounts and notes receivable (net) | 3,001,114 | 1,354,726 | 635,218 | 487,656 | 326,074 | 2,752 | 23,786 | 381,074 | 7,514 | 6,219,814 | 6,689,398 |
| Interest receivable | 11,170 | 5,728 | 1 | 60 | 161 | 0 | 303 | 0 | 0 | 17,423 | 148,023 |
| Due from other governments | 45,528 | 291,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 336,828 | 191,097 |
| Prepaid expenses | 0 | 0 | 0 | 0 | 0 | 0 | 43,293 | 39,259 | 0 | 82,552 | 13,684 |
| Inventory, at cost | 200,192 | 89,695 | 0 | 0 | 0 | 47,999 | 55,788 | 172,750 | 0 | 566,424 | 490,915 |
| Total current assets | 14,364,927 | 2,269,918 | 847,394 | 524,754 | 555,867 | 86,302 | 466,529 | 605,753 | 7,514 | 19,728,958 | 18,928,904 |
| Restricted assets: | | | | | | | | | | | |
| Customer deposits: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 45,560 | 375,545 | 0 | 2,885 | 0 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Utility deposits: | | | | | | | | | | | |
| Accounts receivable | 0 | 4,071 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,071 | 4,071 |
| Economic development: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 736,664 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 736,664 | 525,310 |
| Interest receivable | 839 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 839 | 6,530 |
| Pro rata construction: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 334,450 | 517,998 | 0 | 0 | 0 | 0 | 0 | 0 | 852,448 | 845,996 |
| Accounts and interest receivable | 0 | 31,695 | 34,621 | 0 | 0 | 0 | 0 | 0 | 0 | 66,316 | 52,751 |
| Capital projects: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 9,265,611 | 67,839,325 | 822,175 | 1,927,287 | 30,818 | 42,540 | 26,037 | 0 | 0 | 79,953,793 | 31,108,885 |
| Accounts and interest receivable | 58,193 | 16,823 | 183 | 2,008 | 20,000 | 3 | 0 | 0 | 0 | 97,210 | 159,570 |
| Permanent capital maintenance: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 5,491,936 | 790,022 | 918,647 | 1,689,860 | 670,787 | 205,063 | 0 | 0 | 0 | 9,766,315 | 6,577,700 |
| Interest receivable | 7,186 | 858 | 1,098 | 945 | 1,150 | 230 | 0 | 0 | 0 | 11,467 | 68,269 |
| System improvement: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 3,702,314 | 2,507,276 | 697,789 | 0 | 41,211 | 0 | 0 | 0 | 0 | 6,948,590 | 4,913,270 |
| Interest receivable | 5,455 | 3,202 | 988 | 0 | 51 | 0 | 0 | 0 | 0 | 9,696 | 51,006 |
| Rate stabilization: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 7,293,515 | 2,672,874 | 0 | 0 | 0 | 0 | 0 | 0 | 9,966,389 | 5,862,858 |
| Interest receivable | 0 | 8,001 | 2,941 | 0 | 0 | 0 | 0 | 0 | 0 | 10,942 | 63,689 |
| Revenue bond current debt services: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 5,869,875 | 0 | 0 | 0 | 50,590 | 0 | 0 | 0 | 0 | 5,920,465 | 4,643,205 |
| Interest receivable | 10,837 | 0 | 0 | 0 | 494 | 0 | 0 | 0 | 0 | 11,331 | 108,563 |
| Revenue bond future debt services: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 3,413,183 | 0 | 450,396 | 0 | 300,000 | 0 | 0 | 0 | 0 | 4,163,579 | 4,517,255 |
| Interest receivable | 0 | 0 | 552 | 0 | 0 | 0 | 0 | 0 | 0 | 552 | 5,038 |
| Total restricted assets | 28,607,653 | 79,204,783 | 6,120,262 | 3,622,985 | 1,115,101 | 247,836 | 26,037 | 0 | 0 | 118,944,657 | 59,961,902 |
| Advance to other funds | 1,765,513 | 2,310,499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,076,012 | 2,326,012 |
| Deferred charge | 1,147,462 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,147,462 | 1,143,966 |
| Property, plant and equipment: | | | | | | | | | | | |
| Land | 456,640 | 1,251,249 | 6,371,007 | 377,024 | 5,669,964 | 114,910 | 0 | 318,539 | 0 | 14,559,333 | 14,573,488 |
| Buildings | 1,706,590 | 4,643,217 | 5,107 | 27,099 | 25,216,601 | 189,184 | 0 | 1,170,629 | 0 | 32,958,427 | 29,451,239 |
| Improvements other than buildings | 88,115,443 | 81,428,045 | 37,564,172 | 200,465 | 30,215,691 | 1,004,353 | 0 | 201,958 | 218,470 | 238,948,597 | 234,985,098 |
| Machinery and equipment | 3,803,757 | 2,189,141 | 1,790,289 | 12,113,155 | 2,184,487 | 658,831 | 320,895 | 5,548,681 | 31,143 | 28,640,379 | 25,558,026 |
| Construction in progress | 32,231,233 | 21,219,634 | 12,548,210 | 767,449 | 6,667,699 | 0 | 0 | 0 | 0 | 73,434,225 | 57,871,863 |
| Allowance for depreciation | (44,869,941) | (24,676,565) | (15,400,600) | (8,999,116) | (30,460,352) | (485,713) | (167,504) | (5,418,752) | (38,200) | (130,516,743) | (124,020,071) |
| Net property, plant and equipment | 81,443,722 | 86,054,721 | 42,878,185 | 4,486,076 | 39,494,090 | 1,481,565 | 153,391 | 1,821,055 | 211,413 | 258,024,218 | 238,419,643 |
| Other assets: | | | | | | | | | | | |
| Water rights | 0 | 32,905,862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,905,862 | 32,905,862 |
| Allowance for amortization | 0 | (8,903,939) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (8,903,939) | (8,516,811) |
| Net other assets | 0 | 24,001,923 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,001,923 | 24,389,051 |
| Total assets | $ 127,329,277 | $ 193,841,844 | $ 49,845,841 | $ 8,633,815 | $ 41,165,058 | $ 1,815,703 | $ 645,957 | $ 2,426,808 | $ 218,927 | $ 425,923,230 | $ 345,169,478 |

# CITY OF LUBBOCK, TEXAS
## ENTERPRISE FUNDS

## COMBINING BALANCE SHEET

### September 30, 1991
### With Comparative Totals for September 30, 1990

| Liabilities and Fund Equity: | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current liabilities: | | | | | | | | | | | |
| Accounts and vouchers payable | $ 3,550,473 | $ 220,820 | $ 65,267 | $ 36,622 | $ 29,028 | $ 13,236 | $ 225,110 | $ 418,204 | $ 3,309 | $ 4,562,069 | $ 3,733,741 |
| Due to other funds | 0 | 0 | 0 | 1,160,000 | 325,000 | 750,000 | 0 | 0 | 4,214 | 2,229,214 | 1,755,000 |
| Accrued general obligation interest | 0 | 1,212,440 | 124,726 | 0 | 0 | 6,324 | 0 | 0 | 0 | 1,343,490 | 366,595 |
| Other accrued expenses | 167,593 | 100,411 | 30,308 | 149,165 | 35,173 | 10,118 | 8,000 | 117,549 | 6,095 | 624,432 | 496,769 |
| Current portion of general obligation bonds and construction obligation payable | 0 | 3,964,523 | 1,195,927 | 115,000 | 0 | 35,000 | 101,266 | 0 | 0 | 5,411,716 | 4,625,695 |
| Total current liabilities | 3,718,066 | 5,498,194 | 1,416,226 | 1,450,807 | 389,201 | 814,678 | 334,376 | 535,753 | 13,618 | 14,170,921 | 10,977,600 |
| Liabilities payable from restricted assets: | | | | | | | | | | | |
| Accounts and vouchers payable | 29,456 | 397,710 | 88,440 | 2,157 | 58,177 | 0 | 0 | 0 | 0 | 575,940 | 671,917 |
| Deferred revenue | 547,000 | 193,000 | 0 | 0 | 0 | 0 | 13,907 | 0 | 5,720 | 759,627 | 0 |
| Accrued interest | 1,212,632 | 0 | 0 | 0 | 1,386 | 0 | 0 | 0 | 0 | 1,214,018 | 1,440,773 |
| Current revenue bonds payable | 4,068,900 | 606,574 | 0 | 0 | 85,000 | 0 | 0 | 0 | 0 | 4,759,474 | 3,476,898 |
| Customer deposits | 45,560 | 375,545 | 0 | 2,885 | 0 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Total liabilities (payable from restricted assets) | 5,903,548 | 1,571,829 | 88,440 | 5,042 | 144,563 | 0 | 13,907 | 0 | 5,720 | 7,733,049 | 6,037,524 |
| Long-term liabilities: | | | | | | | | | | | |
| Revenue bonds (net of current portion) | 39,257,214 | 54,892,407 | 0 | 0 | 540,000 | 0 | 0 | 0 | 0 | 94,689,621 | 52,844,630 |
| Advance from other funds | 0 | 0 | 1,750,000 | 397,600 | 0 | 41,511 | 0 | 0 | 0 | 2,189,111 | 464,111 |
| Advance from other agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,000 | 0 | 70,000 | 70,000 |
| Contracts payable – pro rata | 0 | 511,791 | 534,851 | 0 | 0 | 0 | 0 | 0 | 0 | 1,046,642 | 1,100,695 |
| Construction obligation payable | 0 | 25,217,282 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,217,282 | 25,887,465 |
| General obligation bonds (net of current portion) | 0 | 34,321,094 | 12,611,337 | 1,030,000 | 0 | 635,000 | 0 | 0 | 0 | 48,597,431 | 35,963,290 |
| Notes and leases payable | 0 | 0 | 4,354 | 233,955 | 0 | 0 | 1,269 | 0 | 0 | 239,578 | 75,404 |
| Accrued vacation and sick leave | 1,006,463 | 455,676 | 47,281 | 371,477 | 148,891 | 26,136 | 0 | 0 | 0 | 2,055,924 | 2,082,318 |
| Arbitrage rebate liability | 204,079 | 49,888 | 179,128 | 0 | 0 | 4,983 | 0 | 0 | 0 | 437,878 | 468,881 |
| Total long-term liabilities | 40,467,756 | 115,447,938 | 15,126,951 | 2,033,032 | 688,891 | 707,630 | 1,269 | 70,000 | 0 | 174,543,467 | 118,976,794 |
| Total liabilities | 50,089,370 | 122,517,961 | 16,631,619 | 3,488,881 | 1,222,655 | 1,522,308 | 349,552 | 605,753 | 19,338 | 196,447,437 | 135,992,118 |
| Fund equity: | | | | | | | | | | | |
| Contributed capital | 7,917,922 | 32,939,884 | 22,194,475 | 4,594,732 | 41,495,427 | 810,345 | 0 | 1,821,055 | 214,245 | 111,988,085 | 109,554,537 |
| Retained earnings: | | | | | | | | | | | |
| Reserved for economic development | 737,503 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 737,503 | 525,310 |
| Reserved for capital projects | 9,319,867 | 67,497,512 | 734,930 | 1,927,138 | 40,347 | 42,543 | 26,037 | 0 | 0 | 79,588,374 | 30,793,464 |
| Reserved for permanent capital maintenance | 5,499,122 | 790,385 | 919,745 | 1,690,805 | 624,231 | 205,293 | 0 | 0 | 0 | 9,729,581 | 8,625,762 |
| Reserved for system improvements | 3,682,250 | 2,472,901 | 698,777 | 0 | 41,262 | 0 | 0 | 0 | 0 | 6,895,190 | 4,964,276 |
| Reserved for rate stabilization | 0 | 7,301,516 | 2,675,815 | 0 | 0 | 0 | 0 | 0 | 0 | 9,977,331 | 4,993,058 |
| Reserved per bond indentures | 4,021,263 | 0 | 450,948 | 0 | 264,698 | 0 | 0 | 0 | 0 | 4,736,909 | 4,117,419 |
| Unreserved | 46,081,980 | (39,678,315) | 5,539,532 | (3,067,741) | (2,523,562) | (764,786) | 270,368 | 0 | (14,656) | 5,822,820 | 47,603,534 |
| Total retained earnings | 69,321,985 | 38,383,999 | 11,019,747 | 550,202 | (1,553,024) | (516,950) | 296,405 | 0 | (14,656) | 117,487,708 | 99,622,823 |
| Total fund equity | 77,239,907 | 71,323,883 | 33,214,222 | 5,144,934 | 39,942,403 | 293,395 | 296,405 | 1,821,055 | 199,589 | 229,475,793 | 209,177,360 |
| Total liabilities and fund equity | $ 127,329,277 | $ 193,841,844 | $ 49,845,841 | $ 8,633,815 | $ 41,165,058 | $ 1,815,703 | $ 645,957 | $ 2,426,808 | $ 218,927 | $ 425,923,230 | $ 345,169,478 |

# CITY OF LUBBOCK, TEXAS

## ENTERPRISE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY/RETAINED EARNINGS

Year Ended September 30, 1991
With Comparative Totals for September 30, 1990

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues:** | | | | | | | | | | | |
| Charges for services | $ 49,142,119 | $ 21,577,565 | $ 8,488,754 | $ 6,340,137 | $ 0 | $ 0 | $ 1,498,859 | $ 1,269,103 | $ 146,214 | $ 88,462,751 | $ 84,900,199 |
| New taps and reconnects | 0 | 244,157 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 244,157 | 203,760 |
| Effluent water sales | 0 | 0 | 594,158 | 0 | 0 | 0 | 0 | 0 | 0 | 594,158 | 561,052 |
| Commodity sales | 0 | 0 | 613,145 | 0 | 0 | 0 | 0 | 0 | 0 | 613,145 | 456,332 |
| Landing fees | 0 | 0 | 0 | 0 | 615,719 | 0 | 0 | 0 | 0 | 615,719 | 639,634 |
| Parking | 0 | 0 | 0 | 0 | 1,233,432 | 0 | 0 | 0 | 0 | 1,233,432 | 1,201,843 |
| Greenfees and memberships | 0 | 0 | 0 | 0 | 0 | 451,420 | 0 | 0 | 0 | 451,420 | 420,064 |
| Pro shop sales | 0 | 0 | 0 | 0 | 0 | 93,934 | 0 | 0 | 0 | 93,934 | 93,686 |
| Rentals | 0 | 0 | 0 | 0 | 2,112,995 | 253,090 | 0 | 0 | 0 | 2,366,085 | 2,105,305 |
| Concessions | 0 | 0 | 0 | 0 | 102,031 | 55,482 | 0 | 0 | 0 | 157,513 | 235,269 |
| Total operating revenues | 49,142,119 | 21,821,722 | 9,696,057 | 6,340,137 | 4,064,177 | 853,926 | 1,498,859 | 1,269,103 | 146,214 | 94,832,314 | 90,817,144 |
| **Operating expenses:** | | | | | | | | | | | |
| Personal services | 5,047,340 | 4,330,116 | 1,376,957 | 2,283,472 | 1,761,615 | 460,871 | 593,563 | 1,402,035 | 335,053 | 17,591,022 | 15,439,518 |
| Supplies | 478,112 | 693,209 | 538,459 | 378,218 | 161,542 | 233,506 | 212,456 | 0 | 0 | 2,695,502 | 2,116,484 |
| Maintenance | 577,620 | 853,914 | 590,759 | 1,694,967 | 286,988 | 41,595 | 2,089 | 800,475 | 0 | 4,848,407 | 4,106,745 |
| Uncollectible accounts | 0 | 127,775 | 82,871 | 86,867 | 0 | 0 | 721 | 0 | 0 | 298,234 | 912,614 |
| Purchase of fuel and power | 24,996,963 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,996,963 | 25,390,191 |
| Collection expense | 0 | 0 | 154,580 | 154,580 | 0 | 0 | 0 | 0 | 0 | 309,160 | 285,624 |
| Other services and charges | 2,125,118 | 3,767,975 | 1,393,977 | 351,518 | 1,408,264 | 59,047 | 597,723 | 957,345 | 0 | 10,660,967 | 10,506,211 |
| Depreciation and amortization | 3,061,867 | 2,042,675 | 1,311,098 | 814,618 | 1,424,759 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 | 8,081,316 |
| Total operating expenses | 36,287,020 | 11,815,664 | 5,448,701 | 5,764,240 | 5,043,168 | 960,283 | 1,444,314 | 3,299,622 | 373,253 | 70,436,265 | 66,838,703 |
| Operating income (loss) | 12,855,099 | 10,006,058 | 4,247,356 | 575,897 | (978,991) | (106,357) | 54,545 | (2,030,519) | (227,039) | 24,396,049 | 23,978,441 |
| **Nonoperating revenues (expenses):** | | | | | | | | | | | |
| Interest | 2,927,837 | 4,129,966 | 615,110 | 211,152 | 153,978 | 11,025 | 12,557 | 0 | 0 | 8,061,625 | 5,588,723 |
| Disposition of properties | (63,448) | (91,541) | 103,819 | 140,959 | (10,112) | (19,168) | 0 | (9,084) | 0 | 51,425 | (117,071) |
| Miscellaneous income | 382,717 | 11,738 | 1,240 | 9,341 | 122,371 | 7,508 | 0 | 0 | 0 | 534,915 | 454,205 |
| Interest on bonds and notes | (2,944,267) | (5,744,140) | (968,469) | (42,304) | (37,534) | (56,666) | (12,413) | (5,336) | 0 | (9,811,129) | (8,984,812) |
| Cash grants and reimbursements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,486,430 | 85,000 | 1,571,430 | 1,303,895 |
| Total nonoperating revenues (expenses) | 302,839 | (1,693,977) | (248,300) | 319,148 | 228,703 | (57,301) | 144 | 1,472,010 | 85,000 | 408,266 | (1,755,060) |
| Income (loss) before operating transfers | 13,157,938 | 8,312,081 | 3,999,056 | 895,045 | (750,288) | (163,658) | 54,689 | (558,509) | (142,039) | 24,804,315 | 22,223,381 |
| **Transfers:** | | | | | | | | | | | |
| Operating transfers in | 0 | 4,355,742 | 2,270,915 | 0 | 0 | 87,168 | 0 | 409,658 | 89,183 | 7,212,666 | 7,774,771 |
| Operating transfers (out) | (5,087,836) | (6,124,658) | (2,843,313) | (186,822) | (421,490) | (87,168) | 0 | 0 | 0 | (14,751,287) | (13,865,407) |
| Total transfers in (out) | (5,087,836) | (1,768,916) | (572,398) | (186,822) | (421,490) | 0 | 0 | 409,658 | 89,183 | (7,538,621) | (6,090,636) |
| Net income (loss) | 8,070,102 | 6,543,165 | 3,426,658 | 708,223 | (1,171,778) | (163,658) | 54,689 | (148,851) | (52,856) | 17,265,694 | 16,132,745 |
| Depreciation on fixed assets acquired by contributions | 0 | 205 | 133 | 0 | 411,802 | 0 | 0 | 148,851 | 38,200 | 599,191 | 519,695 |
| Retained earnings at beginning of year | 61,251,883 | 31,840,629 | 7,592,956 | (158,021) | (793,048) | (353,292) | 241,716 | 0 | 0 | 99,622,823 | 82,970,383 |
| Retained earnings at end of year | 69,321,985 | 38,383,999 | 11,019,747 | 550,202 | (1,553,024) | (516,950) | 296,405 | 0 | (14,656) | 117,487,708 | 99,622,823 |
| Contributions at beginning of year | 7,917,922 | 32,686,300 | 21,965,080 | 4,594,732 | 39,943,493 | 810,345 | 0 | 1,636,665 | 0 | 109,554,537 | 107,009,706 |
| Capital contributions | 0 | 253,789 | 229,528 | 0 | 1,963,736 | 0 | 0 | 333,241 | 252,445 | 3,032,739 | 3,064,526 |
| Depreciation on Contributed Capital | 0 | (205) | (133) | 0 | (411,802) | 0 | 0 | (148,851) | (38,200) | (599,191) | (519,695) |
| Contributions at end of year | 7,917,922 | 32,939,884 | 22,194,475 | 4,594,732 | 41,495,427 | 810,345 | 0 | 1,821,055 | 214,245 | 111,988,085 | 109,554,537 |
| Total equity at end of year | $ 77,239,907 | $ 71,323,883 | $ 33,214,222 | $ 5,144,934 | $ 39,942,403 | $ 293,395 | $ 296,405 | $ 1,821,055 | $ 199,589 | $ 229,475,793 | $ 209,177,360 |

# CITY OF LUBBOCK, TEXAS
## ENTERPRISE FUNDS
### COMBINING STATEMENT OF CASH FLOWS
Years Ended September 30, 1991 and 1990

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | | | | | | | |
| Operating income (loss) | $ 12,855,099 | $ 10,006,058 | $ 4,247,356 | $ 575,897 | $ (978,991) | $ (106,357) | $ 54,545 | $ (2,030,519) | $ (227,039) | $ 24,396,049 | $ 23,975,153 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | | | | | | | | |
| Depreciation | 3,061,867 | 2,042,675 | 1,311,098 | 814,618 | 1,424,759 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 | 8,081,316 |
| Other income | 382,717 | 11,738 | 1,240 | 9,341 | 122,371 | 7,508 | 0 | 0 | 0 | 534,915 | 457,492 |
| Increase (decrease) in long-term payables not requiring cash flow | (54,646) | (678,073) | 1,741,113 | (31,140) | 22,969 | (3,667) | 0 | 0 | 0 | 996,556 | 584,975 |
| Change in current assets and liabilities: | | | | | | | | | | | |
| Accounts receivable (net) | 361,045 | 222,793 | 119,661 | (26,709) | (148,599) | (2,752) | 1,122 | (83,126) | (7,514) | 435,919 | 2,531,790 |
| Inventory (net) | 1,097 | (50,862) | 0 | 0 | 0 | (2,118) | 4,435 | (28,041) | 0 | (75,509) | 50,391 |
| Due from other governments (net) | 0 | (1,895,731) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,895,731) | (37,069) |
| Prepaid expenses (net) | 0 | 0 | 0 | 0 | 0 | 0 | (29,609) | (39,259) | 0 | (68,868) | 43,685 |
| Accounts payable (net) | 183,494 | 249,158 | 70,573 | 14,462 | 3,485 | (7,879) | 132,700 | 47,970 | 9,404 | 703,347 | (4,530,346) |
| Due to other funds (net) | 0 | 0 | (280,000) | 100,000 | 325,000 | 325,000 | 0 | 0 | 4,214 | 474,214 | (70,000) |
| Other accrued expenses (net) | 37,328 | 21,719 | 6,527 | 36,571 | 7,506 | (2,528) | 0 | 4,443 | 0 | 113,566 | (67,946) |
| Sales tax payable (net) | 35,099 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,099 | (147,041) |
| Customer deposits (net) | (9,076) | (15,056) | 0 | 185 | 0 | 0 | 0 | 0 | 0 | (23,946) | (36,939) |
| Deferred revenue (net) | 547,000 | 193,000 | 0 | 0 | 0 | 0 | 21,907 | 0 | 5,720 | 767,627 | 0 |
| Net cash provided (used) by operating activities | 17,401,025 | 10,109,399 | 7,219,568 | 1,493,225 | 778,482 | 372,471 | 222,862 | (1,988,767) | (177,015) | 35,431,250 | 30,835,441 |
| **Cash flows from capital and related financing activities:** | | | | | | | | | | | |
| Payment for gas reserves | (3,496) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3,496) | (40,073) |
| Purchase of property, plant and equipment | (8,553,703) | (10,467,951) | (11,979,838) | (1,767,267) | (7,684,281) | (278,245) | (30,990) | 0 | (249,613) | (41,011,888) | (45,126,978) |
| Sale of property, plant and equipment | 3,895,326 | 810,560 | 2,795,030 | 1,156,233 | 4,629,132 | 135,775 | 0 | 0 | 0 | 13,422,056 | 17,636,802 |
| Payments on leases | 0 | 0 | (5,562) | (45,006) | 0 | (62,537) | 0 | 0 | 0 | (113,105) | (33,275) |
| Principal paid on revenue bonds | (3,220,418) | (752,015) | 0 | 0 | (85,000) | 0 | 0 | 0 | 0 | (4,057,433) | (3,321,866) |
| Interest paid on revenue bonds | (3,170,836) | (2,467,072) | 0 | 0 | (37,720) | 0 | 0 | 0 | 0 | (5,675,628) | (3,802,753) |
| Issuance of revenue bonds | 7,500,000 | 39,685,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47,185,000 | 16,564,996 |
| Principal paid on general obligation bonds | 0 | (2,476,399) | (1,211,554) | 0 | 0 | (35,000) | 0 | 0 | 0 | (3,722,953) | (3,916,545) |
| Interest paid on general obligation bonds | 0 | (2,286,084) | (982,406) | (42,304) | 0 | (56,818) | 0 | 0 | 0 | (3,367,612) | (5,330,742) |
| Issuance of general obligation bonds | 0 | 16,000,000 | 0 | 1,145,000 | 0 | 0 | 0 | 0 | 0 | 17,145,000 | 0 |
| Principal paid on long-term debt | 0 | (30,189) | 0 | 0 | 0 | 0 | (23,567) | 0 | 0 | (53,756) | (588,312) |
| Interest paid on long-term debt | 0 | 0 | 0 | 0 | 0 | 0 | (12,413) | (5,336) | 0 | (17,749) | (11,786) |
| Proceeds from long-term debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135,035 |
| Payment on advance from general fund | 0 | 0 | 0 | 0 | 0 | (25,000) | 0 | 0 | 0 | (25,000) | (25,000) |
| Contributed capital | 0 | 253,789 | 229,529 | 0 | 1,963,736 | 0 | 0 | 0 | 252,445 | 2,699,499 | 2,923,960 |
| Net cash provided (used) for capital and related financing activities: | (3,553,127) | 38,269,639 | (11,154,801) | 446,656 | (1,214,133) | (321,825) | (66,970) | (5,336) | 2,832 | 22,402,935 | (24,938,537) |
| **Cash flows from noncapital and related financing activities:** | | | | | | | | | | | |
| Operating transfers in from other funds | 0 | 4,355,742 | 2,270,915 | 0 | 0 | 87,168 | 0 | 409,658 | 89,183 | 7,212,666 | 7,774,771 |
| Operating transfers out to other funds | (5,087,836) | (6,124,658) | (2,843,313) | (186,822) | (421,490) | (87,168) | 0 | 0 | 0 | (14,751,287) | (13,865,407) |
| Cash grants and reimbursements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,486,430 | 85,000 | 1,571,430 | 1,303,895 |
| Net cash used for noncapital and related financing activities: | (5,087,836) | (1,768,916) | (572,398) | (186,822) | (421,490) | 0 | 0 | 1,896,088 | 174,183 | (5,967,191) | (4,786,741) |
| **Cash flows from investing activities:** | | | | | | | | | | | |
| Interest earnings on cash and investments | 3,129,340 | 4,325,298 | 655,838 | 226,202 | 170,966 | 10,811 | 12,379 | 0 | 0 | 8,532,854 | 5,616,861 |
| Net cash provided (used) by investing activities | 3,129,340 | 4,325,298 | 655,838 | 226,202 | 170,966 | 10,811 | 12,379 | 0 | 0 | 8,532,854 | 5,616,861 |
| Net increase (decrease) in pooled cash and cash equivalents | 11,889,402 | 50,935,420 | (3,851,793) | 1,981,261 | (686,155) | 61,457 | 168,271 | (98,015) | 0 | 60,399,848 | 6,727,024 |
| Pooled cash and cash equivalents at beginning of year | 27,742,664 | 28,733,182 | 10,143,847 | 1,675,809 | 2,009,193 | 221,697 | 201,125 | 110,685 | 0 | 70,838,202 | 64,111,178 |
| Pooled cash and cash equivalents at end of year | $ 39,632,066 | $ 79,668,602 | $ 6,292,054 | $ 3,657,070 | $ 1,323,038 | $ 283,154 | $ 369,396 | $ 12,670 | $ 0 | $ 131,238,050 | $ 70,838,202 |

**Non-cash investing, capital and financing activities:**

A capital lease obligation of $278,961 was incurred in October when the City entered into a lease of new equipment for the Solid Waste fund.

Electric revenue bonds in the amount of $9,424,963 were issued to advance refund a portion of the 1982 and 1984 electric revenue bonds.

LUBBOCK TEXAS

# APPENDIX C

## FORM OF BOND COUNSEL'S OPINION

FULBRIGHT & JAWORSKI
2200 ROSS AVENUE
SUITE 2800
DALLAS, TEXAS 75201

HOUSTON
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AUSTIN
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LOS ANGELES
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HONG KONG

TELEPHONE: 214/855-8000
FACSIMILE: 214/855-8200

WRITER'S DIRECT DIAL NUMBER:

[DRAFT]

____________, 1992

IN REGARD to the authorization and issuance of the "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992" (the "Bonds"), dated April 1, 1992 (the "Bond Date"), in the aggregate original principal amount of $24,005,000 by the City of Lubbock, Texas (the "City"), which Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a maturity), have stated maturities of February 15, 1993 through February 15, 2003, unless redeemed prior to maturity in accordance with the terms stated in the Bonds, and bear interest on the unpaid principal amount from the Bond Date at the rates per annum stated in the ordinance authorizing the issuance of the Bonds (the "Ordinance"), such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993, to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (stated on the face of the Bonds).

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Bonds under the Constitution and laws of the State of Texas, the defeasance and discharge of the City's outstanding obligations being refunded by the Bonds, and with respect to the exclusion of the interest on the Bonds from gross income for federal income tax purposes and none other. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City and have not assumed any responsibility with respect thereto.

OUR EXAMINATIONS into the legality and validity of the Bonds included a review of the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the Special Escrow Agreement (the "Escrow Agreement") between the City and Texas Commerce Bank National Association (the "Escrow Agent"), a special report of KPMG Peat Marwick, Certified Public

Accountants (the "Accountants"), a transcript of certified proceedings of the City relating to the authorization and issuance of the Bonds, including the Ordinance, customary certifications and opinions of officials of the City and other pertinent showings, and an examination of the Bond executed and delivered initially by the City, which we found to be in due form and properly executed.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a binding and enforceable agreement in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity) and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Article 717k, V.A.T.C.S., as amended. In rendering this opinion, we have relied upon the verification by the Accountants of the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that the Bonds have been duly authorized by the City in compliance with the Constitution and laws of the State of Texas now in force, and the Bonds issued in compliance with the provisions of the Ordinance are valid, legally binding and enforceable obligations of the City, payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds and the report of the Accountants, interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (2) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on all tax-exempt obligations, such as the Bonds, owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989 for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit (REMIC), or a real estate investment trust (REIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax and the environmental tax imposed by Sections 55 and 59A of the Code, respectively, will be computed for tax years beginning after December 31, 1986.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OFFICIAL STATEMENT

NEW ISSUE - Book-Entry-Only

Ratings:
Moody's: "Aa"
Standard & Poor's: "AA"

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

**$24,035,000**
**CITY OF LUBBOCK, TEXAS**
**(Lubbock County)**
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992**

Dated: April 1, 1992 — Due: February 15, as shown below

The $24,035,000 City of Lubbock, Texas (the "City") General Obligation Refunding Bonds, Series 1992 (the "Bonds") are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, Vernon's Annotated Texas Civil Statutes ("VATCS"), as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and an Ordinance (the "Ordinance") passed by the City Council. The Bonds are direct and general obligations of the City payable, both as to principal and interest, from an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property located within the City (see "Bond Information - Authority for Issuance and Security for Bonds").

Interest on the Bonds will accrue from April 1, 1992, and will be payable February 15 and August 15 each year, commencing February 15, 1993, and will be calculated on the basis of a 360-day year of twelve 30-day months. The City intends to utilize the Book-Entry-Only System of the Depository Trust Company ("DTC"), but reserves the right on its behalf or on the behalf of DTC to discontinue such system. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer. See "Bond Information - Book-Entry-Only System" herein.

The initial Paying Agent/Registrar shall be the Texas Commerce Bank National Association, Lubbock, Texas (see "Bond Information - Paying Agent/Registrar").

Proceeds from the sale of the Bonds, together with certain other City funds, will be used to provide funds sufficient to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985 and to pay costs of issuance of the Bonds (see "Plan of Financing" and "Schedule I").

MATURITY SCHEDULE

| Amount | Maturity | Interest Rate | Yield or Price | Amount | Maturity | Interest Rate | Yield or Price |
|---|---|---|---|---|---|---|---|
| $ 35,000 | 1993 | 4.00% | 100% | $4,230,000 | 1999 | 5.65% | 5.75% |
| 1,330,000 | 1994 | 4.50% | 100% | 880,000 | 2000 | 5.80% | 5.90% |
| 1,320,000 | 1995 | 5.00% | 100% | 865,000 | 2001 | 5.90% | 6.00% |
| 4,710,000 | 1996 | 5.10% | 5.20% | 850,000 | 2002 | 6.00% | 6.10% |
| 4,535,000 | 1997 | 5.30% | 5.40% | 835,000 | 2003 | 6.10% | 6.20% |
| 4,445,000 | 1998 | 5.50% | 5.60% | | | | |

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part, on February 15, 1999, or any date thereafter, at the par value thereof, plus accrued interest to the date fixed for redemption (see "Bond Information - Redemption of Bonds").

The Bonds are offered when, as and if issued by the City and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, the approval of legality and tax exemption by Fulbright & Jaworski, Dallas, Texas, Bond Counsel, and the approving opinion of the Attorney General of the State of Texas. The legal opinion will be printed on the Bonds (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Counsel for the Underwriters. It is expected that the Bonds will be available for delivery on or about May 6, 1992.

**PRUDENTIAL SECURITIES INCORPORATED** — **LEHMAN BROTHERS**

**THE PRINCIPAL/EPPLER, GUERIN & TURNER, INC.**

Dated: April 10, 1992

## SELECTED DATA FROM THE OFFICIAL STATEMENT

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

This data page was prepared to present the purchasers of the Bonds information concerning the Bonds, the revenues pledged to the Bonds, a description of the revenue base and other pertinent data, all as more fully described herein.

**The Issuer** . . . . . . . . . . . . . . . . . . . . . The City of Lubbock, Texas is a political subdivision located in Lubbock County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters on December 27, 1917, and amended from time to time. The Charter provides for the Council-Manager form of government for the City. The Mayor is elected at-large for a two year term ending in an even year. Each of the six members of the City Council resides in a separate single-member district and is elected by the qualified voters of this district for a four year term. The terms of three members of the City Council expire each even year. The Council formulates operating policy for the City while the City Manager is the chief administrative officer.

Lubbock is the County Seat of Lubbock County, Texas, and is located on the South Plains of West Texas approximately 320 miles west of Dallas. The City's 1990 U.S. Census population was 186,206 (1980 U.S. Census - 177,517). The City is approximately 104 square miles in area. Texas Tech University, a major State institution, is located in Lubbock.

**The Bonds** . . . . . . . . . . . . . . . . . . . . . The Bonds are being issued in the principal amount of $24,035,000 pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and an Ordinance passed by the City Council of the City (see "Bond Information - Authority for Issuance").

**Security for the Bonds** . . . . . . . . . . . . . . . . . . . . . . . The Bonds constitute direct and general obligations of the City payable from a continuing ad valorem tax levied against all taxable property within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law (see "Bond Information - Security for the Bonds").

**Optional Redemption** . . . . . . . . . . . . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part, on February 15, 1999, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "Bond Information - Redemption of Bonds").

**Tax Exemption** . . . . . . . . . . . . . . . . . . In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

**Use of Bond Proceeds** . . . . . . . . . . . . . . Proceeds from the sale of the Bonds, together with certain other City funds, will be used to provide funds sufficient to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985, and to pay costs of issuance of the Bonds (see "Plan of Financing" and "Schedule I").

**Payment Record** . . . . . . . . . . . . . . . . . The City has never defaulted.

**Selected Issuer Indices**

| Fiscal Year Ended 9/30 | Estimated City Population | Taxable Assessed Valuation | Per Capita Taxable Assessed Valuation | General Purpose Funded Tax Debt (1) | Per Capita General Purpose Funded Tax Debt | Ratio General Purpose Funded Debt to Taxable Assessed Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 1988 | 190,017(2) | $4,476,572,268 | $ 23,558 | $39,670,291 | $209 | 0.89% | 98.94% |
| 1989 | 191,403(2) | 4,567,387,737 | 23,863 | 43,066,998 | 225 | 0.94% | 98.98% |
| 1990 | 186,206(3) | 4,645,914,710 | 24,950 | 39,179,057 | 210 | 0.84% | 99.10% |
| 1991 | 187,137(2) | 4,718,788,593 | 25,216 | 42,474,916 | 227 | 0.90% | 99.42% |
| 1992 | 187,493(2) | 4,741,607,780 | 25,290 | 38,958,202(4) | 208(4) | 0.82%(4) | 95.87%(5) |

(1) Excludes self-supporting general obligation debt (see "Valuation, Exemptions and Debt Obligations"; "Valuation and Funded Debt History" and "Computation of Self-Supporting Debt").
(2) Source: Estimates by City of Lubbock, Texas.
(3) 1990 U.S. Census.
(4) Anticipated.
(5) Collections for part year only, through 2-29-92.

**OFFICIAL STATEMENT**

**relating to**

**$24,035,000**
**CITY OF LUBBOCK, TEXAS**
**(Lubbock County, Texas)**
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992**

## INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance by the City of Lubbock, Texas (the "City") of its General Obligation Refunding Bonds, Series 1992 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the issuance of the Bonds (the "Ordinance") except as otherwise indicated herein.

The City is a political subdivision of the State of Texas, organized and existing under the laws of the State of Texas. The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Article 717k, Vernon's Annotated Civil Statutes ("VATCS"), as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and the Ordinance, passed by the City Council of the City of Lubbock (the "City Council") on the date of sale of the Bonds.

There follows in this Official Statement descriptions of the Plan of Financing, the Bonds and certain information about 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, First Southwest Company, Abilene and Dallas, Texas.

## PLAN OF FINANCING

### Purpose

The Bonds are being issued to provide funds sufficient, with certain other available funds of the City, to refund $9,500,000 principal amount of the City's outstanding General Obligation Bonds, Series 1983, and $13,515,000 principal amount of the City's outstanding General Obligation Refunding Bonds, Series 1985 (the "Refunded Bonds"), totaling $23,015,000 Refunded Bonds, and to pay costs of issuance of the Bonds (see "Schedule I"). The refunding will result in a debt service savings.

### The Refunded Bonds

<u>Refunded Bonds</u> . . . The Refunded Bonds, and interest due thereon, are to be paid on the scheduled interest payment dates and principal redemption dates from funds to be deposited pursuant to a certain Escrow Agreement (the "Escrow Agreement") between the City and Texas Commerce Bank National Association, Lubbock, Texas (the "Escrow Agent").

The Ordinance provides that from the proceeds of the sale of the Bonds to the initial purchasers thereof and other available funds, the City will deposit with the Escrow Agent the amount necessary to accomplish the discharge and make final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and used to purchase direct obligations of the United States of America (the "Federal Securities").

KPMG Peat Marwick, a nationally recognized accounting firm, will verify at the time of the delivery of the Bonds to the initial purchasers thereof that the Federal 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 Bonds. Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds.

By the deposit of the Federal Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such defeasance and in reliance on the Accountant's Verification Report, the Refunded Bonds will no longer be payable from ad valorem taxes but will be payable solely from the principal of and interest on the Federal Securities and cash held for such purpose by the Escrow Agent, and that the Refunded Bonds will be defeased and are not to be included in or considered to be indebtedness of the City for the purpose of a limitation of indebtedness or taxation or for any other purpose.

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

**Sources and Uses of Funds**

The proceeds from the sale of the Bond will be applied approximately as follows:

| | |
|---|---|
| Sources: | |
| Principal amount of the Bonds | $24,035,000.00 |
| Accrued interest | 125,931.46 |
| Cash Contribution by City | 903,200.00 |
| Total Sources of Funds | $25,064,131.46 |
| Uses of Funds: | |
| Deposit to Escrow Fund | $24,500,750.00 |
| Deposit to Interest and Sinking Fund | 128,908.66 |
| Underwriters' Discount | 193,481.75 |
| Cost of Issuance | 135,000.00 |
| Original Issue Discount | 105,991.05 |
| Total Application of Funds | $25,064,131.46 |

## BOND INFORMATION

### Authority for Issuance

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, VATCS, and an Ordinance as authorized in the City Charter.

### General

Interest on the Bonds will accrue from April 1, 1992 and will be payable February 15 and August 15 of each year commencing February 15, 1993, and will be calculated on the basis of a 360-day year of twelve 30-day months.

### Security for Bonds

All taxable property within the City is subject to a continuing direct annual ad valorem tax levied, within the limits prescribed by law, by the City sufficient in amount to provide for the payment of principal and interest on the Bonds. The City operates under a Home Rule Charter as authorized by Article XI, Section 5 of the Constitution of the State of Texas. The Constitution permits the City to levy an ad valorem tax in an amount not to exceed $2.50 per $100 of assessed valuation on all taxable property within the City for all City purposes and the City Charter adopts these Constitutional provisions.

### Redemption of Bonds

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 1999, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Bondholder.

### Book-Entry-Only System

The Depository Trust Company, ("DTC") New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity as set forth on the cover page hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. DTC is a limited purpose trust company organized 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 pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities of its participants (the "DTC Participants") and to facilitate the clearance and settlement of securities transactions among DTC Participants in such securities through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need of physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants").

Ownership interest in the Bonds may be purchased by or through Participants. The DTC Participants shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") will be recorded through the records of the DTC Participant. It is the responsibility of each Beneficial Owner to make the necessary arrangements with its DTC Participant. Beneficial Owners are expected to receive a written confirmation of their purchase providing details of the Bond acquired. Transfers of ownership interests in the Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants who act on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds except as specifically provided in the Agreement with DTC for utilization of such Book-Entry-Only System (the "Agreement").

## CITY ADMINISTRATION

### Elected Officials

| City Council | Length of Service | Term Expires | Occupation |
|---|---|---|---|
| B.C. McMinn<br>Mayor | 6 Years | May, 1992 | Retired; Investments |
| T.J. Patterson<br>Mayor Pro-Tem | 8 Years | May, 1992 | Co-Publisher, SouthWest Digest |
| Joan Baker<br>Councilwoman | 12 Years | May, 1992 | Homemaker |
| M.J. Aderton*<br>Councilman | 2 Years | May, 1994 | Retired |
| Maggie Trejo<br>Councilwoman | 8 Years | May, 1994 | Homemaker |
| Bill Maloy<br>Councilman | 4 Years | May, 1992 | President, Sentry Property Management, Inc. |
| Vacancy** | | | |

* Mr. Aderton previously served as a Councilman for 6 years 1978-1984.

** Mr. Gary D. Phillips, a Councilman for 6 years, resigned as Councilman on February 27, 1992, in order to run for Mayor in the City election to be held May 2, 1992. The vacant position will be filled at the May 2, 1992, election for a term ending in May, 1994.

### Appointed Officials

| Name | Position | Length of Time in This Position | Length of Employment With City of Lubbock |
|---|---|---|---|
| Larry J. Cunningham | City Manager | 15 Years | 25 Years |
| Bob Cass | Deputy City Manager | 7 Years | 16 Years |
| John C. Ross, Jr. | City Attorney | 13 Years | 13 Years |
| Ranette Boyd | Secretary-Treasurer | 8 Years | 18 Years |
| J. Robert Massengale | Assistant City Manager for Financial Services | 9 Years | 12 Years |
| Rita P. Harmon | Assistant City Manager for Public Safety and Services | 9 Years | 16 Years |
| James E. Bertram | Assistant City Manager for Development Services | 9 Years | 22 Years |
| Carroll McDonald | Assistant City Manager for Utilities | 3 Years | 13 Years |
| Dan A. Hawkins | Director of Water Utilities | 3 Years | 4 Years |
| Don Bridgers | Chief of Police | 2 Years | 24 Years |

### Consultants and Advisors

Consulting Engineers for Lake Alan Henry . . . . . . . . . . Freese and Nichols, Inc.
Fort Worth, Texas

Consulting Engineers for Wastewater Treatment and Disposal Project . . . . . . . . . . Black & Veatch
Dallas, Texas

Auditors . . . . . . . . . . Coopers & Lybrand
Certified Public Accountants
Lubbock, Texas

Bond Counsel . . . . . . . . . . Fulbright & Jaworski
Dallas, Texas

Financial Advisor . . . . . . . . . . First Southwest Company
Dallas and Abilene, Texas

For additional information regarding the City, please contact:

Mr. J. Robert Massengale
Assistant City Manager
for Financial Services
City of Lubbock
P. O. Box 2000
Lubbock, TX 79457
(806) 767-2015

or

Mr. Joe W. Smith
First Southwest Company
P. O. Box 2754
Abilene, TX 79604-2754
(915) 672-8432

## SELECTED DATA FROM THE OFFICIAL STATEMENT

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This data page was prepared to present the purchasers of the Bonds information concerning the Bonds, the revenues pledged to the Bonds, a description of the revenue base and other pertinent data, all as more fully described herein.

**The Issuer** . . . . . . . . . . . . . . . . . . . . . The City of Lubbock, Texas is a political subdivision located in Lubbock County operating as a home-rule city under the laws of the State of Texas and a charter approved by the voters on December 27, 1917, and amended from time to time. The Charter provides for the Council-Manager form of government for the City. The Mayor is elected at-large for a two year term ending in an even year. Each of the six members of the City Council resides in a separate single-member district and is elected by the qualified voters of this district for a four year term. The terms of three members of the City Council expire each even year. The Council formulates operating policy for the City while the City Manager is the chief administrative officer.

Lubbock is the County Seat of Lubbock County, Texas, and is located on the South Plains of West Texas approximately 320 miles west of Dallas. The City's 1990 U.S. Census population was 186,206 (1980 U.S. Census - 177,517). The City is approximately 104 square miles in area. Texas Tech University, a major State institution, is located in Lubbock.

**The Bonds** . . . . . . . . . . . . . . . . . . . . . The Bonds are being issued in the principal amount of $24,035,000 pursuant to the Constitution and general laws of the State of Texas, particularly Article 717k, as amended, and other applicable laws, the Charter of the City of Lubbock, Texas, and an Ordinance passed by the City Council of the City (see "Bond Information - Authority for Issuance").

**Security for the Bonds** . . . . . . . . . . . . . . . . . . . . . . The Bonds constitute direct and general obligations of the City payable from a continuing ad valorem tax levied against all taxable property within the City in an amount sufficient to provide for payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law (see "Bond Information - Security for the Bonds").

**Optional Redemption** . . . . . . . . . . . . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2000, in whole or in part, on February 15, 1999, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see "Bond Information - Redemption of Bonds").

**Tax Exemption** . . . . . . . . . . . . . . . . . . In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for purposes of federal income taxation under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein in the Ordinance, or in the Bonds, to the Bondowners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances, bond certificates are required to be delivered as described in the Agreement. The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Bonds.

The City may determine that continuation of the system of book-entry transfers through DTC (or a successor securities depository) is not in the best interest of the Beneficial Owners. In such event, certificates will be delivered as described in the Agreement.

The City and the Paying Agent/Registrar will recognize DTC or its nominee as the Bondowner for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Each Beneficial Owner should ensure that it has made satisfactory arrangements with the appropriate DTC Participant.

Principal and interest payments on the Bonds will be made to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Upon receipt of moneys, DTC's current practice is to immediately credit the accounts of the DTC Participants in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. Each Beneficial Owner should ensure that it has made satisfactory arrangements with the appropriate DTC Participant.

### Paying Agent/Registrar

The initial Paying Agent/Registrar is Texas Commerce Bank National Association, Lubbock, Texas, and administration functions will be performed in Lubbock, Texas, but back-office functions (e.g., payments, transfers, exchanges, etc., will be handled in Houston, Texas. In the 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 while the Bonds are outstanding and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

### Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds 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 at the principal corporate trust office of Texas Commerce Bank National Association in Houston, Texas, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the principal corporate trust office of Texas Commerce Bank National Association in Houston, Texas, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds 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 Bonds to be cancelled, 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 registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds 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 Bonds.

**Limitation on Transfer of Bonds Called for Redemption**

Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange to an assignee of the owner of the Bonds any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

**Record Date for Interest Payment**

The record date ("Record Date") for the interest payable 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 ("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 of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**Bondholder Remedies**

The Ordinance obligates the City Council to assess and collect an annual ad valorem tax sufficient to pay principal and interest when due on the Bonds and it also creates a pledge of such tax.

Although a registered owner could presumably obtain a judgment against the City if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the City. The registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The registered owner could be required to enforce such remedy on a periodic basis.

The enforcement of a claim for payment of principal of or interest on the Bonds, including the remedy of mandamus, and the validity of the pledge of taxes, would be subject to the applicable provisions of the federal bankruptcy laws affecting the rights of creditors of political subdivisions generally.

## TAX INFORMATION

### Ad Valorem Tax Law

The appraisal of property within the City is the responsibility of the Lubbock Central Appraisal District. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. 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 VTCA, 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 also grant:

(1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision;

(2) An exemption of up to 20% of the market value of residence homesteads; minimum exemption $5,000.

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 $1,500 to a maximum of $3,000.

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

Nonbusiness personal property, such as automobiles, boats or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property.

Article VIII, Section 1-j of the Texas Constitution 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. The exemption became effective for the 1990-91 fiscal year and thereafter unless action to tax such property was taken prior to April 1, 1990. Decisions to continue the tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal. The City has taken action to tax freeport property.

The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $16,700; the disabled are granted an exemption of $10,000.

The City has not granted an additional exemption of up to 20% of the market value of residence homesteads; minimum exemption of $5,000.

The City does not tax nonbusiness vehicles; and the Lubbock Central Appraisal District collects taxes for the City of Lubbock.

**Valuation, Exemptions and Debt Obligations**

| | | |
|---|---|---|
| 1991 Market Valuation Established by Lubbock Central Appraisal District | | $4,950,267,095 |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Residence Homestead (Over 65 or Disabled) | $164,976,976 | |
| Disabled Veterans Exemptions | 3,341,441 | |
| Agricultural/Open-Space Land Use Reductions | 35,306,225 | |
| Value lost because property is exempted from taxation under the Property Redevelopment and Tax Abatement Act (1) | 5,034,673 | 208,659,315 |
| 1991 Taxable Assessed Valuation | | $4,741,607,780 |
| City Funded Debt Payable From Ad Valorem Taxes: (2) | | |
| General Obligation Debt (as of 2-29-92) (3) | $65,748,752 | |
| The Bonds | 24,035,000 | |
| 1992 Sewer System Certificates (4) | 34,520,000 | $ 124,303,752 |
| Less Self-Supporting Debt: (5) | | |
| Waterworks System General Obligation Debt | $ 34,665,883 | |
| Sewer System General Obligation Debt | 48,929,386 | |
| Solid Waste Disposal System General Obligation Debt | 1,115,281 | |
| Golf Course General Obligation Debt | 635,000 | 85,345,550 |
| General Purpose Funded Debt Payable From Ad Valorem Taxes | | $ 38,958,202 |
| Interest and Sinking Fund (as of 2-29-92) | | $ 517,370 |

Ratio Total Funded Debt to 1991 Taxable Assessed Valuation . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2.62%
Ratio General Purpose Funded Debt to 1991 Taxable Assessed Valuation . . . . . . . . . . . . . . . . . . . . . . . . . 0.82%

1992 Estimated Population --- 187,493 (6)

Per Capita 1991 Taxable Assessed Valuation - $25,289.52

Per Capita General Purpose Funded Debt - $207.78

(1) Article 1066f, VTCA, permits granting of tax abatements for qualifying businesses; the City has entered into one such agreement with McLane Foodservice-Lubbock, a division of McLane, Inc., Temple, Texas, an institutional food service distributor. The abatement, which began in the 1988 tax year, covers McLane's improved real property in the City of Lubbock. The contract provides for the agreement to expire when McLane Foodservice receives $770,000 in total tax abatement relief from all of the participants (collectively) or ten years, whichever comes first from date of execution, June 23, 1986; other participants in the abatement include Lubbock County, Lubbock County Hospital District, Lubbock Independent School District and the High Plains Underground Water Conservation District No. 1. Market value of the property is $6,015,985 and the taxable value of the property after abatement is $981,312 resulting in an abated value of $5,034,673.

(2) The statement of indebtedness does not include the outstanding $43,294,965 Electric Light and Power System Revenue Bonds as these bonds are payable solely from the net revenues of the System. The statement also does not include outstanding $625,000 Airport Revenue Bonds, as these bonds are payable solely from gross revenues derived from the City of Lubbock Airport. The Waterworks System and the Sewer System are unencumbered with Revenue Bond Debt.

(3) Excludes $23,015,000 outstanding General Obligation Bonds being refunded with proceeds of the Bonds (see "Schedule I, Schedule of Refunded Bonds"). Includes $1,655,000 Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation, Series 1991 (the "1991 Sewer System Certificates"), in process of delivery to the Texas Water Development Board ("TWDB"); proceeds are being used to pay costs of the "Project A" segment of the City's major wastewater treatment plant improvement program (see "State Revolving Fund ("SRF") Loan Program"). Debt service on the 1991 Sewer System Certificates is being provided from net revenues of the Sewer System and they are included in "Self-Supporting Debt", above.

(4) The City anticipates delivering $34,520,000 Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation, Series 1992 (the "1992 Sewer System Certificates") to TWDB on or about June 9, 1992, under the City's commitment from TWDB for loans from the SRF. Proceeds of the 1992 Sewer System Certificates will be used to pay costs of the "Project B" segment of the City's major wastewater treatment plant improvement program. Debt service on the 1992 Sewer System Certificates will be provided from net revenues of the Sewer System and they are included in "Self-Supporting Debt", above. See "State Revolving Fund ("SRF") Loan Program", "Debt Service Requirements" and "Appendix A - The Sewer System".

(5) See "Computation of Self-Supporting Debt".

(6) Source: City of Lubbock, Texas.

**Taxable Assessed Valuations by Category**

| | Taxable Appraised Value For Fiscal Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 1992 | | 1991 | | 1990 | |
| Category | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $2,449,828,200 | 49.49% | $2,413,925,206 | 48.95% | $2,383,736,852 | 49.17% |
| Real, Residential, Multi-Family | 304,256,344 | 6.15% | 313,170,381 | 6.35% | 319,554,804 | 6.59% |
| Real, Vacant Lots/Tracts | 111,914,454 | 2.26% | 117,839,348 | 2.39% | 114,489,842 | 2.36% |
| Real, Acreage (Land Only) | 48,816,013 | 0.98% | 52,453,590 | 1.06% | 49,704,917 | 1.02% |
| Real, Farm and Ranch Improvements | 13,063,630 | 0.26% | 13,508,943 | 0.27% | 21,391,576 | 0.44% |
| Real, Commercial and Industrial | 1,073,602,333 | 21.69% | 1,076,715,771 | 21.84% | 1,063,031,842 | 21.93% |
| Real, Oil, Gas and Other Mineral Reserves | 25,638,500 | 0.52% | 22,182,456 | 0.45% | 17,009,395 | 0.35% |
| Real and Tangible Personal, Utilities | 147,789,832 | 2.98% | 153,608,032 | 3.12% | 153,052,116 | 3.16% |
| Tangible Personal, Commercial and Industrial | 755,234,901 | 15.26% | 745,511,197 | 15.12% | 696,846,104 | 14.37% |
| Tangible Personal, Other | 7,363,639 | 0.15% | 6,360,698 | 0.13% | 9,805,356 | 0.20% |
| Real Property, Inventory (1) | 12,759,249 | 0.26% | 15,746,173 | 0.32% | 19,736,977 | 0.41% |
| Total Appraised Value Before Exemptions | $4,950,267,095 | 100.00% | $4,931,021,795 | 100.00% | $4,848,359,781 | 100.00% |
| Less: Total Exemptions/Reductions | 208,659,315 | | 212,233,202(2) | | 202,445,071 | |
| Taxable Assessed Value | $4,741,607,780 | | $4,718,788,593 | | $4,645,914,710 | |

| | Taxable Appraised Value For Fiscal Year Ended September 30, | | | |
|---|---|---|---|---|
| | 1989 | | 1988 | |
| Category | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $2,346,063,915 | 49.30% | $2,311,452,929 | 49.59% |
| Real, Residential, Multi-Family | 331,959,071 | 6.98% | 349,669,150 | 7.50% |
| Real, Vacant Lots/Tracts | 100,449,123 | 2.11% | 104,432,370 | 2.24% |
| Real, Acreage (Land Only) | 68,423,836 | 1.44% | 63,791,046 | 1.37% |
| Real, Farm and Ranch Improvements | 15,765,945 | 0.33% | 18,862,566 | 0.40% |
| Real, Commercial and Industrial | 1,024,709,193 | 21.54% | 1,008,946,758 | 21.64% |
| Real, Oil, Gas and Other Mineral Reserves | 13,059,266 | 0.27% | 9,096,810 | 0.20% |
| Real and Tangible Personal, Utilities | 147,145,068 | 3.09% | 137,318,274 | 2.95% |
| Tangible Personal, Commercial and Industrial | 680,408,987 | 14.30% | 638,050,142 | 13.69% |
| Tangible Personal, Other | 12,548,767 | 0.26% | 19,785,495 | 0.42% |
| Real Property, Inventory (1) | 18,277,912 | 0.38% | -0- | 0.00% |
| Total Appraised Value Before Exemptions | $4,758,811,083 | 100.00% | $4,661,405,540 | 100.00% |
| Less: Total Exemptions/Reductions | 191,423,346 | | 184,833,272 | |
| Taxable Assessed Value | $4,567,387,737 | | $4,476,572,268 | |

(1) Residential inventory properties in the hands of developers or builders; each group of properties in this category is appraised on the basis of its value as a whole as a sale to another developer or builder. This category initiated in 1988.

(2) Includes an audited adjustment of $6,919,621 in taxable values.

Note: Basis of assessment for all years is 100% of appraised (market) value. Taxable properties are revalued each year.

**Valuation and Funded Debt History**

| Fiscal Year Ended 9-30 | Estimated Population [1] | Taxable Assessed Valuation [2] | Taxable Assessed Valuation Per Capita | General Purpose Funded Tax Debt Outstanding at End of Year [3] | Ratio General Purpose Funded Debt to Taxable Assessed Valuation | General Purpose Funded Debt Per Capita |
|---|---|---|---|---|---|---|
| 1983 | 181,500 | $3,145,952,586 | $17,333 | $ 46,653,756 | 1.48% | $257 |
| 1984 | 182,103 | 3,233,722,496 | 17,758 | 47,257,744 | 1.46% | 260 |
| 1985 | 187,629 | 3,764,763,644 | 20,065 | 43,320,601 | 1.15% | 231 |
| 1986 | 188,283 | 4,012,901,338 | 21,313 | 39,848,682 | 0.99% | 212 |
| 1987 | 188,694 | 4,408,325,399 | 23,362 | 37,540,011 | 0.85% | 199 |
| 1988 | 190,017 | 4,476,572,268 | 23,558 | 39,670,291 | 0.89% | 209 |
| 1989 | 191,403 | 4,567,387,737 | 23,863 | 43,066,998 | 0.94% | 225 |
| 1990 | 186,206 | 4,645,914,710 | 24,950 | 39,179,106 | 0.84% | 210 |
| 1991 | 187,137 | 4,718,788,593 | 25,216 | 42,474,916 | 0.90% | 227 |
| 1992 | 187,493 | 4,741,607,780 | 25,290 | 38,958,202[4] | 0.82% | 208 |

(1) Source: City of Lubbock, Texas, except 1990 is U.S. Census.

(2) Basis of assessment for all years 100% of market value. All taxable property has been revalued each year.

(3) Funded Tax Debt less Self-Supporting Funded Tax Debt. Derivation of General Purpose Funded Tax Debt is:

| Fiscal Year Ending 9-30 | Funded Tax Debt Outstanding at End of Year | Less: Self-Supporting Funded Tax Debt | General Purpose Funded Tax Debt Outstanding at End of Year |
|---|---|---|---|
| 1983 | $ 81,500,000 | $ 34,846,244 | $ 46,653,756 |
| 1984 | 89,180,000 | 41,932,256 | 47,247,744 |
| 1985 | 82,535,000 | 39,214,399 | 43,320,601 |
| 1986 | 79,889,070 | 40,040,388 | 39,848,682 |
| 1987 | 78,279,070 | 40,739,059 | 37,540,011 |
| 1988 | 82,958,752 | 43,288,461 | 39,670,291 |
| 1989 | 86,898,752 | 43,831,754 | 43,066,998 |
| 1990 | 79,088,752 | 39,909,646 | 39,179,106 |
| 1991 | 95,783,752 | 53,308,836 | 42,474,916 |
| 1992 | 124,303,752 | 85,345,550 | 38,958,202 |

Note: For all years Self-Supporting Debt includes Waterworks System and Sewer System General Obligation Debt. 1988-1992 includes Golf Course General Obligation debt. 1991 and 1992 includes Solid Waste Disposal System General Obligation Debt. See "Valuation, Exemptions and Debt Obligations".

(4) Anticipated; includes the Bonds and the 1992 Sewer System Certificates (see "Valuation, Exemptions and Debt Obligations").

**Tax Rate, Levy and Collection History**

| Fiscal Year Ended 9-30 | Tax Rate | Distribution General Fund | Economic Development | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|---|---|---|
| 1983 | $0.61 | $0.2791 | $0.05 | $0.2809 | $19,190,311 | 92.94% | 97.30% |
| 1984 | 0.61 | 0.2230 | 0.05 | 0.3370 | 19,725,707 | 95.32% | 97.94% |
| 1985 | 0.61 | 0.2105 | 0.05 | 0.3495 | 22,966,969 | 93.76% | 95.92% |
| 1986 | 0.60 | 0.2553 | 0.05 | 0.2947 | 24,077,408 | 94.16% | 96.60% |
| 1987 | 0.60 | 0.2762 | 0.05 | 0.2738 | 26,448,985 | 95.75% | 98.85% |
| 1988 | 0.61 | 0.2767 | 0.05 | 0.2833 | 27,303,606 | 95.94% | 98.96% |
| 1989 | 0.64 | 0.3171 | 0.05 | 0.2729 | 29,231,282 | 96.01% | 98.98% |
| 1990 | 0.64 | 0.3314 | 0.05 | 0.2586 | 29,733,854 | 96.15% | 96.10% |
| 1991 | 0.64 | 0.3468 | 0.03 | 0.2632 | 30,200,247 | 96.58% | 99.42% |
| 1992 | 0.64 | 0.3754 | 0.03 | 0.2346 | 30,397,225 | 94.74%(1) | 95.87%(1) |

(1) Collections for part year only, through 2-29-92.

Property within the City is assessed as of January 1 of each year (except for business inventory which may, at the option of the taxpayer, be assessed as of September 1); taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Split payments are not permitted. Discounts are not allowed. Taxpayers 65 years of age or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

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

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

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge.

**Ten Largest Taxpayers**

| Name of Taxpayer | Nature of Property | 1991 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|---|
| Texas Instruments Incorporated | Electronics Manufacturer | $88,319,748 | 1.86% |
| South Plains Mall | Regional Shopping Mall | 72,274,002 | 1.53% |
| Southwestern Bell Telephone Company | Telephone Utility | 67,051,904 | 1.41% |
| Southwestern Public Service Company | Electric Utility | 40,716,906 | 0.86% |
| Furr's Incorporated | Retail Groceries | 24,962,107 | 0.53% |
| Plains Co-op Oil Mill | Agricultural Processing | 24,132,607 | 0.51% |
| Fleming Companies | Wholesale Groceries | 20,722,968 | 0.44% |
| Farmers Co-op Compress | Cotton Compress | 20,466,438 | 0.43% |
| First National Bank | Bank | 20,089,251 | 0.42% |
| Eagle-Picher Industries | Earth Moving Machines | 13,349,098 | 0.28% |
| | | $392,085,029 | 8.27% |

## 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 Assessed Valuation for all City purposes. The City operates under a Home Rule Charter which adopts the constitutional provisions.

By each September 1 or as soon thereafter as practicable, 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 Tax Code:

The City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or 103% of the effective tax rate until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Tax Code. 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 following year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's values (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 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 re required to be offset by the revenue that will be generated by the sales tax in the current year. The City does not collect the additional one-half cent sales tax.

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

**Assessed Valuations, Tax Rates, Outstanding Debt and Authorized But Unissued Bonds of Overlapping Taxing Jurisdictions**

| Taxing Jurisdiction | 1991 Taxable Assessed Valuation | 1991 Tax Rate | Outstanding Tax Supported Debt As of 2-15-92 | Authorized But Unissued Debt As of 2-15-92 |
|---|---|---|---|---|
| Lubbock Independent School District | $4,349,847,667 | $0.5300 | $65,674,989 | $100,000 |
| Lubbock County | 5,684,516,639 | 0.1763 | 5,280,000 | 500,000 |
| Lubbock County Hospital District | 5,687,666,161 | 0.1095 | -0- | -0- |
| High Plains Underground Water Conservation District No. 1 | 5,687,666,161 | 0.0074 | -0- | -0- |
| Lubbock-Cooper Independent School District | 158,288,407 | 0.4980 | 5,430,000 | -0- |
| Frenship Independent School District | 430,276,751 | 0.3900 | 27,330,000 | -0- |
| Roosevelt Independent School District | 108,494,241 | 0.4300 | -0- | -0- |
| Idalou Independent School District | 112,247,470 | 0.3400 | 760,000 | -0- |
| New Deal Independent School District | 81,340,230 | 0.3333 | -0- | -0- |
| County Education District No. 6 | 5,025,220,277(1) | 0.7820 | -0-(2) | -0-(2) |

(1) Assessed Valuation is for the school districts in County Education District No. 6 that are assigned to Lubbock County by the Central Education Agency (Lubbock, Frenship, Idalou, Lubbock-Cooper, New Deal, Roosevelt, Shallowater and Slaton). County Education District No. 6 is comprised of Gaines, Borden, Dawson, Lubbock, Lynn, Terry and Yoakum Counties.

(2) A county education district does not have the authority to issue debt, but levies an operation and maintenance tax countywide for distribution to all school districts located in the county or assigned to the county by the Central Education AGency.

Sources: "Texas Municipal Reports" published by the Municipal Advisory Council of Texas, and the Lubbock Central Appraisal District.

# DEBT INFORMATION

**Debt Service Requirements**

| Fiscal Year Ending 9-30 | Outstanding Debt(1) Principal | Interest | Total | The Bonds Principal | Interest | Total | Combined Requirements |
|---|---|---|---|---|---|---|---|
| 1992 | $8,675,000[2] | $7,184,459[3] | $15,859,459 | $ | $ | $ | $15,859,459 |
| 1993 | 8,265,000 | 4,313,079 | 12,578,079 | 35,000 | 1,776,733 | 1,811,733 | 14,389,812 |
| 1994 | 7,050,000 | 3,714,640 | 10,764,640 | 1,330,000 | 1,263,970 | 2,593,970 | 13,358,610 |
| 1995 | 6,585,000 | 3,177,541 | 9,762,541 | 1,320,000 | 1,201,045 | 2,521,045 | 12,283,586 |
| 1996 | 3,235,000 | 2,788,258 | 6,023,258 | 4,710,000 | 1,047,940 | 5,757,940 | 11,781,198 |
| 1997 | 3,114,434 | 2,692,746 | 5,807,180 | 4,535,000 | 807,658 | 5,342,658 | 11,149,838 |
| 1998 | 3,100,076 | 2,471,966 | 5,572,042 | 4,445,000 | 565,243 | 5,010,243 | 10,582,285 |
| 1999 | 3,091,493 | 2,249,000 | 5,340,493 | 4,230,000 | 323,508 | 4,553,508 | 9,894,001 |
| 2000 | 3,919,986 | 3,949,664 | 7,869,650 | 880,000 | 178,490 | 1,058,490 | 8,928,140 |
| 2001 | 3,544,442 | 3,252,855 | 6,797,297 | 865,000 | 127,453 | 992,453 | 7,789,750 |
| 2002 | 3,143,639 | 2,367,122 | 5,510,761 | 850,000 | 76,435 | 926,435 | 6,437,196 |
| 2003 | 2,979,682 | 1,712,472 | 4,692,154 | 835,000 | 25,468 | 860,468 | 5,552,622 |
| 2004 | 2,790,000 | 1,044,464 | 3,834,464 | | | | 3,834,464 |
| 2005 | 2,790,000 | 855,551 | 3,645,551 | | | | 3,645,551 |
| 2006 | 2,795,000 | 669,788 | 3,464,788 | | | | 3,464,788 |
| 2007 | 2,795,000 | 485,041 | 3,280,041 | | | | 3,280,041 |
| 2008 | 2,150,000 | 325,616 | 2,475,616 | | | | 2,475,616 |
| 2009 | 1,815,000 | 205,001 | 2,020,001 | | | | 2,020,001 |
| 2010 | 1,250,000 | 114,700 | 1,364,700 | | | | 1,364,700 |
| 2011 | 1,250,000 | 41,351 | 1,291,351 | | | | 1,291,351 |
| 2012 | 85,000 | 2,338 | 87,338 | | | | 87,338 |
| | $74,423,752 | $43,617,652 | $118,041,404 | $24,035,000 | $7,393,943 | $31,428,943 | $149,470,347 |

(1) Includes $1,655,000 1991 Sewer System Certificates (see "Valuation, Exemptions and Debt Obligations" and "State Revolving Fund ("SRF") Loan Program").

(2) This $8,675,000 principal paid on February 15, 1992.

(3) Includes $903,200 cash to be used in refunding.

**Debt Service Requirements After Issuance of $34,520,000 1992 Sewer System Certificates (1)**

| Fiscal Year Ending 9-30 | Outstanding Debt (After Isuance of The Bonds) | | | The 1992 Sewer System Certificates | | | Combined Requirements | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total | | |
| 1992 | $8,675,000[2] | $ 7,184,459[3] | $15,859,459 | $ | $ | $ | $15,859,459 | |
| 1993 | 8,300,000 | 6,089,812 | 14,389,812 | | 2,246,677[4] | 2,246,677 | 16,636,489 | |
| 1994 | 8,380,000 | 4,978,610 | 13,358,610 | | 1,898,600 | 1,898,600 | 15,257,210 | |
| 1995 | 7,905,000 | 4,378,586 | 12,283,586 | 1,725,000 | 1,851,163 | 3,576,163 | 15,859,749 | |
| 1996 | 7,945,000 | 3,836,198 | 11,781,198 | 1,725,000 | 1,756,288 | 3,481,288 | 15,262,486 | 33.58% |
| 1997 | 7,649,434 | 3,500,404 | 11,149,838 | 1,725,000 | 1,661,413 | 3,386,413 | 14,536,251 | |
| 1998 | 7,545,076 | 3,037,209 | 10,582,285 | 1,725,000 | 1,566,538 | 3,291,538 | 13,873,823 | |
| 1999 | 7,321,493 | 2,572,508 | 9,894,001 | 1,725,000 | 1,471,663 | 3,196,663 | 13,090,664 | |
| 2000 | 4,799,986 | 4,128,154 | 8,928,140 | 1,725,000 | 1,376,788 | 3,101,788 | 12,029,928 | |
| 2001 | 4,409,442 | 3,380,308 | 7,789,750 | 1,725,000 | 1,281,913 | 3,006,913 | 10,796,663 | 63.92% |
| 2002 | 3,993,639 | 2,443,557 | 6,437,196 | 1,725,000 | 1,187,038 | 2,912,038 | 9,349,234 | |
| 2003 | 3,814,682 | 1,737,940 | 5,552,622 | 1,725,000 | 1,092,163 | 2,817,163 | 8,369,785 | |
| 2004 | 2,790,000 | 1,044,464 | 3,834,464 | 1,725,000 | 997,288 | 2,722,288 | 6,556,752 | |
| 2005 | 2,790,000 | 855,551 | 3,645,551 | 1,725,000 | 902,413 | 2,627,413 | 6,272,964 | |
| 2006 | 2,795,000 | 669,788 | 3,464,788 | 1,725,000 | 807,538 | 2,532,538 | 5,997,326 | 82.58% |
| 2007 | 2,795,000 | 485,041 | 3,280,041 | 1,725,000 | 712,663 | 2,437,663 | 5,717,704 | |
| 2008 | 2,150,000 | 325,616 | 2,475,616 | 1,725,000 | 617,788 | 2,342,788 | 4,818,404 | |
| 2009 | 1,815,000 | 205,001 | 2,020,001 | 1,725,000 | 522,913 | 2,247,913 | 4,267,914 | |
| 2010 | 1,250,000 | 114,700 | 1,364,700 | 1,725,000 | 428,038 | 2,153,038 | 3.517.738 | |
| 2011 | 1,250,000 | 41,351 | 1,291,351 | 1,730,000 | 333,025 | 2,063,025 | 3,354,376 | 96.03% |
| 2012 | 85,000 | 2,338 | 87,338 | 1,730,000 | 237,875 | 1,967,875 | 2,055,213 | |
| 2013 | | | | 1,730,000 | 142,725 | 1,872,725 | 1,872,725 | |
| 2014 | | | | 1,730,000 | 47,575 | 1,777,575 | 1,777,575 | 100.00% |
| | $98,458,752 | $51,011,595 | $149,470,347 | $34,520,000 | $23,140,085 | $57,660,085 | $207,130,432 | |

Interest on the 1992 Sewer System Certificates has been calculated at 5.50% (see "State Revolving Fund ("SRF") Loan Program").

(1) The 1992 Sewer System Certificates are anticipated to be delivered to the Texas Water Development Board on or about June 9, 1992 (see "Valuations, Exemptions and Debt Obligations").

(2) This $8,675,000 principal was paid on February 15, 1992.

(3) Includes $903,200 cash to be used in refunding.

(4) Interest calculated from June 9, 1992, the anticipated date of delivery.

**Division of Debt Service Requirements**

| Fiscal Year Ending 9-30 | Combined Requirements | Less: Waterworks System General Obligation Requirements | Less: Sewer System General Obligation Requirements (1) | Less: Solid Waste Disposal General Obligation Requirements | Less: Golf Course Facilities General Obligation Requirements | General Purpose General Obligation Requirements |
|---|---|---|---|---|---|---|
| 1992 | $15,859,459 | $6,235,314 | $2,178,357 | $226,691 | $84,018 | $ 7,134,979 |
| 1993 | 16,636,489 | 5,470,414 | 4,434,467 | 195,879 | 85,642 | 6,535,729 |
| 1994 | 15,257,210 | 5,103,228 | 4,102,879 | 186,252 | 82,043 | 5,864,851 |
| 1995 | 15,859,749 | 4,680,070 | 5,630,182 | 175,914 | 83,218 | 5,373,583 |
| 1996 | 15,262,486 | 4,307,124 | 5,326,355 | 163,921 | 84,224 | 5,465,086 |
| 1997 | 14,536,251 | 4,067,605 | 5,166,691 | 156,332 | 85,302 | 5,145,623 |
| 1998 | 13,873,823 | 3,856,023 | 5,004,592 | 148,776 | 81,425 | 4,864,432 |
| 1999 | 13,090,664 | 3,602,038 | 4,831,626 | 140,852 | 82,400 | 4,516,148 |
| 2000 | 12,029,928 | 3,373,352 | 4,799,222 | 135,915 | 83,025 | 3,721,439 |
| 2001 | 10,796,663 | 3,064,615 | 4,246,793 | 122,137 | 83,300 | 3,363,118 |
| 2002 | 9,349,234 | 2,585,694 | 3,970,816 | 5,512 | 83,225 | 2,787,212 |
| 2003 | 8,369,785 | 2,243,662 | 3,741,597 | 3,440 | 82,800 | 2,381,086 |
| 2004 | 6,556,752 | 1,639,570 | 3,471,956 | | | 1,445,226 |
| 2005 | 6,272,964 | 1,561,746 | 3,336,724 | | | 1,374,494 |
| 2006 | 5,997,326 | 1,486,568 | 3,201,368 | | | 1,309,390 |
| 2007 | 5,717,704 | 1,412,395 | 3,065,837 | | | 1,239,472 |
| 2008 | 4,818,404 | 1,118,638 | 2,586,982 | | | 1,112,784 |
| 2009 | 4,267,914 | 1,029,524 | 2,461,234 | | | 777,156 |
| 2010 | 3,517,738 | 879,863 | 2,249,726 | | | 388,149 |
| 2011 | 3,354,376 | 833,288 | 2,155,038 | | | 366,050 |
| 2012 | 2,055,213 | | 2,055,213 | | | |
| 2013 | 1,872,725 | | 1,872,725 | | | |
| 2014 | 1,777,575 | | 1,777,575 | | | |
| | $207,130,432 | $58,550,731 | $81,667,954 | $1,661,621 | $1,000,622 | $65,166,007 |

(1) Includes the 1992 Sewer System Certificates.

**Estimated Direct and Overlapping Funded Debt Payable From Ad Valorem Taxes (As of 2-29-92)**

Expenditures of the various taxing bodies within the territory of the City are paid out of ad valorem taxes levied by these taxing bodies on properties within the City. These political taxing bodies are independent of the City and may incur borrowings to finance their expenditures. The following statement of direct and estimated overlapping ad valorem tax bonds was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas with respect to "Total Funded Debt" and from information furnished by the Lubbock Central Appraisal District with respect to "Estimated % Applicable". 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 below may have issued additional bonds since the date stated in the table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds the amount of which cannot be determined. The following table reflects the estimated share of overlapping funded debt of these various taxing bodies.

| Taxing Jurisdiction | Total Funded Debt | Estimated % Applicable | Overlapping Funded Debt |
|---|---|---|---|
| City of Lubbock | $38,958,202[1] | 100.00% | $38,958,202 |
| Lubbock Independent School District | 65,674,989 | 98.55% | 64,722,702 |
| Lubbock County | 5,280,000 | 83.27% | 4,396,656 |
| Lubbock County Hospital District | -0- | 83.30% | -0- |
| Lubbock-Cooper Independent School District | 5,430,000 | 13.55% | 735,765 |
| Frenship Independent School District | 27,330,000 | 64.77% | 17,701,641 |
| Roosevelt Independent School District | -0- | 5.25% | -0- |
| New Deal Independent School District | -0- | 0.03% | -0- |
| Idalou Independent School District | 760,000 | 1.01% | 7,676 |
| Total Direct and Overlapping Funded Debt | | | $126,522,642 |

Ratio of Direct and Overlapping Funded Debt

to Taxable Assessed Valuation . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 2.67%

Per Capita Overlapping Funded Debt . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . $674.81

(1) General Purpose Funded Debt Payable From Ad Valorem Taxes.

### Interest and Sinking Fund Budget Projection

As explained in Notes (3) and (4) "Valuations, Exemptions and Debt Obligations" and under "State Revolving Fund ("SRF") Loan Program" the City is in the process of delivering $1,655,000 1991 Sewer System Certificates to the Texas Water Development Board ("TWDB") and anticipates delivering $34,520,000 1992 Sewer System Certificates to TWDB on or about June 9, 1992 ("SRF Debt"). Interest and Sinking Funds established for SRF Debt will be supported in full by monthly transfers from net revenues of the Sewer Fund. As a result the calculation of the "Interest and Sinking Fund Budget Projection", below, is designed to demonstrate the accumulation for SRF Debt separately from the City's provision for other general obligation debt service.

| | General Obligation Debt (excluding SRF) | SRF Debt (Estimated) | Total Debt |
|---|---|---|---|
| Debt Service Requirements, Fiscal Year Ending 9-30-1992 | $15,809,459 | $ 50,000[1] | $ 15,859,459 |
| Plus: Fiscal Agent, Tax Collection and Other Uses | 108,560 | -0- | 108,560 |
| | $15,918,019 | $ 50,000 | $ 15,968,019 |
| Sources of Funds: | | | |
| Interest and Sinking Funds, 9-30-91 | $ 302,965 | $ -0- | $ 302,965 |
| Budgeted Ad Valorem Tax Receipts | 10,884,324 | -0- | 10,884,324 |
| Budgeted Transfers: | | | |
| From Water Fund | 3,018,078[2] | -0- | 3,018,078 |
| From Solid Waste Fund | 226,692[2] | -0- | 226,692 |
| From Hotel-Motel Tax | 475,714 | -0- | 475,714 |
| Budgeted Interest on Investments | 1,490,000 | -0- | 1,490,000 |
| Estimated Accumulation of Allocations from Sewer Fund (including interest earnings on proceeds) | -0- | 583,183[3] | 583,183 |
| Estimated Accrued Interest Received on Delivery of the Bonds | 125,931 | -0- | 125,931 |
| Total Sources of Funds | $16,523,704 | $ 583,183 | $17,106,887 |
| Estimated Balance, 9-30-92 | $ 605,685 | $ 533,183 | $ 1,138,868 |

(1) Estimated interest due 8-15-92 on the 1991 Sewer System Certificates.
(2) See "Computation of Self-Supporting Debt": "Waterworks System" and "Solid Waste Disposal System".
(3) Reflects estimated monthly pro rata accumulation of principal due 2-15-93 and interest due 8-15-92 and 2-15-93.

### Computation of Self-Supporting Debt

#### Waterworks System (1)

| | |
|---|---|
| Net System Revenue Available, Fiscal Year Ended 9-30-91 | $11,279,185 |
| Less: Revenue Bond Requirements, Fiscal Year Ending 9-30-92 | -0- |
| Balance Available for Other Purposes | $11,279,185 |
| System General Obligation Debt Requirements, Fiscal Year Ending 9-30-92 | 6,235,314 |
| Balance | $ 5,043,871 |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) Through Fiscal Year Ended 9-30-91 it has been the City's policy each Fiscal Year to transfer from Water Enterprise Fund surplus to the General Fund an amount at least equivalent to debt service requirements on Waterworks System General Obligation Debt. The City has no outstanding revenue bonds payable from a lien on the net revenues of the Waterworks System.

Beginning with the current Fiscal Year Ending 9-30-92, the City has budgeted and commenced a three year planned shift to direct support of Waterworks System General Obligation Debt by transfer from Water Enterprise Fund surplus to the General Obligation Interest and Sinking Fund. For Fiscal Year Ending 9-30-92 Waterworks System General Obligation debt service is $6,235,314; of this $3,018,078 is a budgeted transfer to the Interest and Sinking Fund and the $3,217,236 balance will be transferred to the General Fund. By Fiscal Year Ending 9-30-94 total Waterworks System General Obligation debt service will be provided by direct transfer to the Interest and Sinking Fund from Water Enterprise Fund surplus.

The three year staged shift is necessary to avoid exceeding the City's "rollback tax rate" (see "Tax Rate Limitation") as a portion of the Interest and Sinking Fund Tax Rate formerly levied for Waterworks System General Obligation debt service is shifted each year to the General Fund tax rate. The initial effect of this reallocation, for Fiscal Year Ending 9-30-92, can be seen under "Tax Rate, Levy and Collection History" and "Interest and Sinking Fund Budget Projection".

A "Rate Stabilization Fund" within the Water Enterprise Fund is accumulated from System net revenues; at 9-30-91 the balance in the rate stabilization account was $7,301,516.

See "Appendix A, General Information Regarding the City - The Waterworks System".

**Sewer System (1)**

| | |
|---|---|
| Net System Revenue Available, Fiscal Year Ended 9-30-91 | $6,278,623 |
| Less: Revenue Bond Requirements, Fiscal Year Ending 9-30-92 | -0- |
| Balance Available for Other Purposes | $6,278,623 |
| System General Obligation Debt Requirements, Fiscal Year Ending 9-30-92 | 2,178,357 |
| Balance | $4,100,266 |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) It has been the City's policy each Fiscal Year to transfer from Sewer Revenue Fund surplus to the General Fund amount at least equivalent to debt service requirements on Sewer System General Obligation debt; and this policy will continue for outstanding Sewer System General Obligation Debt except for the State Revolving Fund loans discussed below.

As discussed in "Valuation, Exemptions and Debt Information", "Interest and Sinking Fund Budget Projection" and "State Revolving Fund ("SRF") Loan Program" debt service on the $1,655,000 1991 Sewer System Certificates (now in process of delivery to TWDB) and the $34,520,000 1992 Sewer System Certificates (anticipated to be delivered to TWDB on or about 6-9-92) will be provided in full from net revenues of the Sewer System.

A "Rate Stabilization Fund" within the Sewer Enterprise Fund is accumulated from System net revenues; at 9-30-91 the balance in the rate stabilization account was $2,675,815.

See "Appendix A, General Information Regarding the City - the Sewer System".

**Solid Waste Disposal System (1)**

| | |
|---|---|
| Net System Revenue Available | $1,751,967 |
| Less: Revenue Bond Requirements, Fiscal Year Ended 9-30-92 | -0- |
| Balance Available for Other Purposes | $1,751,967 |
| System General Obligation Debt Requirements, Fiscal Year Ended 9-30-92 | 226,691 |
| Balance | $1,525,276 |
| Percentage of System General Obligation Debt Self-Supporting | 100.00% |

(1) Each Fiscal Year the City transfers from net revenues of the Solid Waste Enterprise Fund to the General Obligation Interest and Sinking Fund an amount equal to debt service requirements on System general obligation debt.

See "Appendix A, General Information Regarding the City - the Solid Waste Disposal System".

**Golf Course Facilities (1)**

| | Fiscal Year Ending 9-30 1991 | 1992 |
|---|---|---|
| Net System Revenue Available | $ 58,272 | 65,279 |
| Less: Revenue Bond Requirements | -0- | -0- |
| Balance Available for Other Purposes | $ 58,272 | $165,279 |
| System General Obligation Bond Requirements | 87,167 | 84,018 |
| Balance | $(28,895) | $ 81,261 |
| Percentage of System General Obligation Debt Self-Supporting | 66.85% | 100.00% |

(1) It is the City's policy each Fiscal Year to transfer from Golf Course Enterprise Fund surplus to the General Fund an amount at least equivalent to debt service requirements on Golf Course Facilities General Obligation debt. This transfer was made in Fiscal Year Ended 9-30-91 in the amount of $87,168; golf course facilities general obligation debt service was $87,167. The City has no outstanding revenue bonds payable from a lien on the revenues of the Golf Course Facilities.

Primarily because of major renovations and upgrading of golf course facilities, including equipment, net revenue was below the level of Golf Course Facilities General Obligation debt service requirements in Fiscal Year Ended 9-30-91. An increase in green fees and other charges, to be effective 4-1-92, and recent improvements that enhance the golf course have resulted in the ability to budget Golf Course Facilities General Obligation debt service as fully self-supporting.

See "Appendix A, General Information Regarding the City- the Golf Course Facilities".

**Authorized General Obligation Bonds**

| Purpose | Date Authorized | Amount Authorized | Amount Heretofore Issued | Unissued Balance |
|---|---|---|---|---|
| Waterworks System | 11-21-81 | $ 5,226,000 | $ 5,000,000 | $ 226,000 |
| Waterworks System | 10-17-87 | 2,810,000 | 200,000 | 2,610,000 |
| Sewer System | 5-21-77 | 3,303,000 | 2,175,000 | 1,128,000 |
| Sewer System | 10-17-87 | 2,535,000 | 2,535,000 | -0- |
| Street Improvements | 10-17-87 | 13,275,000 | 9,227,000 | 4,048,000 |
| | | $27,149,000 | $19,137,000 | $ 8,012,000 |

**Anticipated Issuance of Authorized General Obligation Bonds and Other Obligations**

The City has no current plans for the sale of authorized general obligation bonds or other general obligation debt other than that described below under "State Revolving Fund ("SRF") Loan Program".

However, the City anticipates the authorization and issuance of approximately $3,000,000 Combination Tax and Solid Waste Disposal System Revenue Certificates of Obligation prior to 9-30-92, the end of the current Fiscal Year; these Certificates will be self-supporting.

The Texas Department of Criminal Justice ("TDCJ") announced on April 10, 1992, that the TDCJ will construct a 550 bed psychiatric treatment unit in Lubbock. The City estimates that it will authorize and issue approximately $4,000,000 general obligation Certificates of Obligation with the proceeds to be used in construction of the TDCJ facility.

The City anticipates that both issues of Certificates of Obligation will be sold in July, 1992.

### Citizens Advisory Committee

A City Council appointed Citizens Advisory Committee has studied a three year capital improvements program and reported to the City Council. It is anticipated that the City Council will call an election for the authorization of bonds for various purposes in the Fall, 1992.

### State Revolving Fund ("SRF") Loan Program

The City has received a commitment from the Texas Water Development Board ("TWDB") for loans under SRF loan program to finance a major wastewater treatment and disposal improvement program. The City anticipates the eventual issuance of three separate series of Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation (the "Sewer System Certificates") to evidence these loans as follows:

| Project | Estimated Amount | Sewer System Certificate Series | Estimated Loan Closing Date | Anticipated Completion Date |
|---|---|---|---|---|
| A | $ 1,655,000(1) | 1991 | January, 1992 | May, 1993 |
| B | 34,520,000(2) | 1992 | June, 1992 | July, 1994 |
| C | 14,425,000 | 1993 | June, 1993 | May, 1995 |
| | $ 50,600,000 | | | |

Interest rate on the 1991 Sewer System Certificates is 5.50%; the interest rate on the 1992 Sewer System Certificates will be 5.50%, or, at the City's option, a short term floating rate with a fixed rate set later; the City is anticipating selecting a fixed 5.50% rate. Interest rates on the 1993 Sewer System Certificates will be set later by TWDB. Principal of each series of Certificates will mature in an approximately equal amount each year for a 20-year period beginning within one year after Project completion.

Debt service requirements on all Series of Sewer System Certificates will be paid from net revenues of the Sewer System and the Certificates will be self-supporting.

(1) Actual principal amount of the 1991 Sewer System Certificates; this loan closed in January, 1992, and the Certificates are in process of delivery to TWDB by installments as work progresses.

(2) Based on construction bids received March 10, 1992. The City anticipates delivery of the 1992 Sewer System Certificates will be made to TWDB on or about June 9, 1992.

### Funded Debt Limitation

There is no direct funded debt limitation in the City Charter or under State law. The City operates under a Home Rule Charter that limits the maximum tax rate, for all City purposes, to $2.50 per $100 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 general obligation debt service.

**Other Obligations**

(1) The City has entered into lease agreements for the purpose of acquiring certain properties and equipment. As of February 15, 1992, capital leases were as follows:

| Payable from: | 1992 | 1993 | 1994 | 1995 | 1996-2012 | Interest | Balance Outstanding |
|---|---|---|---|---|---|---|---|
| General Government | | | | | | | |
| Telephone Equipment | $ 38,020 | $65,177 | $ 65,177 | $ 21,726 | $ -0- | $ (22,110) | $ 167,990 |
| Omnimax Theater | 540,000 | 90,000 | -0- | -0- | -0- | -0- | 630,000 |
| Total General Government | $578,020 | $155,177 | $ 65,177 | $ 21,726 | $ -0- | $ (22,110) | $ 797,990 |
| Enterprise Fund - Property | | | | | | | |
| Sewer-Sprinkler Equipment | $ 1,499 | $ -0- | $ -0- | $ -0- | $ -0- | $ 15 | $ 1,514 |
| Golf-Golf Equipment | 28,551 | 48,944 | 48,944 | 44,865 | -0- | (19,742) | 151,562 |
| Solid Waste-Scraper | 39,019 | 66,890 | 66,890 | 66,890 | 5,574 | (31,984) | 213,279 |
| Airport-Hangar (leased to Federal Aviation Administration)* | 68,800 | 103,200 | 103,200 | 103,200 | 1,591,000 | (1,083,240) | 886,160 |
| Total Enterprise | $137,869 | $219,034 | $219,034 | $214,955 | $1,596,574 | $(1,134,951) | $1,252,515 |
| Combined Requirements | $715,889 | $374,211 | $284,211 | $236,681 | $1,596,574 | $(1,157,061) | $2,050,505 |

*The hangar was constructed to Federal Aviation Administration ("FAA") specifications in response to a FAA Request for Proposals. The hangar has a total area of 40,000 square feet of which 2,000 square feet is office space.

The City pays its lessor $8,600 monthly under its lease agreement. FAA leases the hangar from the City under a one year lease agreement commencing in March, 1992, with a base monthly lease payment of $9,900 and four one year renewal options (the fourth renewal option would extend the lease through February, 1997). Under the FAA lease, the City pays utility costs monthly and is reimbursed by FAA quarterly; building maintenance costs are paid by FAA.

It is the City's opinion that FAA will annually renew its lease for the successive four one year renewal options through February, 1997 and that FAA will continue occupancy after February, 1997, with future terms to be negotiated.

(2) Acquisition and Renovation of Sears Building . . . On October 15, 1982, the City of Lubbock entered into an agreement with the American State Bank, Lubbock ("American") to purchase the 96,810 square foot "Sears" building located in downtown Lubbock. Originally constructed by Sears, Roebuck & Co., the building and site were sold to the adjacent American State Bank following Sears construction of new facilities in South Plains Mall, Lubbock, several years ago. The City also acquired 3 additional sites near the Sears site for parking expansion in the future.

The City has renovated and remodeled approximately 55,000 square feet of the Sears building to house administrative and City Council functions, and this building is now the main Municipal Complex with parking space for 205 vehicles and a future expanded parking capability of 450 vehicles.

Budget for the project was $3,600,000:

| | |
|---|---|
| Acquisition of Sears building/site | $ 751,000 |
| Purchase of additional property | 302,925 |
| Renovation of 55,000 square feet | 2,201,849 |
| Contingencies and other costs | 344,226 |
| Total Cost | $3,600,000 |

Shown below is the "Sears Building Finance Schedule", which was prepared by the City of Lubbock. Salient elements of the City's agreement with "American" and the "Finance Schedule" includes:

(1) Advance Balance. Acquisition and remodeling cost of the Sears property was financed by advances from "American". Net advance balances are shown on a quarterly basis; actual balances to 1-15-92. $3,310,000 of the budgeted project cost of $3,600,000 was financed through the advance process. The $290,000 balance was allocated from Revenue Sharing Funds.

(2) Total Payment. Actual and future quarterly payments to "American" including interest quarterly at an annual rate of 12 3/4%. Final payment, 1-15-94, $2,917,818.

(3) Additional Site Acquisition. The City acquired 3 additional, adjacent sites for future parking expansion, paying $159,000 in cash and assuming payments on 3 notes. Payment of the $159,000 and combined payments on the 3 notes are demonstrated.

(4) Escrow Deposits. The City has deposited funds into an "Escrow Account" at "American" from which payments will be made to "American" as referred to in (2), above, and on the notes referred to in (3) above. Deposits totaled $3,288,000 and the "Escrow Account" is funded.

(5) Escrow Interest Earnings. "American" pays the City interest quarterly on the balance in the "Escrow Account" at the annual rate of 12 1/2%.

(6) Escrow Balance. The Escrow Balance at the end of any quarter will always exceed the Advance Balance.

(7) In the opinion of the City Attorney the financial arrangement with "American" described above does not constitute a legal debt of the City since funds will be pledged at all times and placed in the "Escrow Account" in amounts that, with interest earned, will exceed the outstanding Advance Balance throughout the life of the agreement.

Sears Building
Finance Schedule

| Year | Month | Advance Balance | Total Payment | Additional Site Acquisition | Escrow Deposits | Escrow Interest Earnings | Minimum Escrow Balance |
|---|---|---|---|---|---|---|---|
| 1982-83 | | | | | | | |
| | 10-15 | $ 751,000 | | $159,000 | $1,073,000 | | $ 914,000 |
| | 1-15 | 751,000 | $ 23,938 | 5,331 | | $ 28,563 | 913,294 |
| | 4-15 | 1,251,000 | 23,938 | 5,331 | 475,000 | 28,540 | 1,387,565 |
| | 7-15 | 1,751,000 | 39,876 | 5,331 | 475,000 | 43,361 | 1,860,719 |
| 1983-84 | | | | | | | |
| | 10-15 | 2,251,000 | 55,813 | 5,331 | 525,000 | 58,147 | 2,382,723 |
| | 1-15 | 2,824,001 | 93,750 | 5,331 | 575,000 | 74,460 | 2,933,102 |
| | 4-15 | 2,820,266 | 93,750 | 5,331 | | 91,659 | 2,925,680 |
| | 7-15 | 2,816,412 | 93,750 | 5,331 | | 91,428 | 2,918,027 |
| 1984-85 | | | | | | | |
| | 10-15 | 2,812,435 | 93,750 | 5,331 | | 91,188 | 2,910,134 |
| | 1-15 | 2,903,331 | 93,750 | 5,331 | 125,000 | 90,942 | 3,026,995 |
| | 4-15 | 2,902,125 | 93,750 | 5,331 | | 94,594 | 3,022,507 |
| | 7-15 | 2,900,880 | 93,750 | 5,331 | | 94,453 | 3,017,880 |
| 1985-86 | | | | | | | |
| | 10-15 | 2,899,596 | 93,750 | 5,331 | | 94,309 | 3,013,108 |
| | 1-15 | 2,898,270 | 93,750 | 5,331 | | 94,160 | 3,008,186 |
| | 4-15 | 2,896,903 | 93,750 | 5,331 | | 94,006 | 3,003,111 |
| | 7-15 | 2,895,491 | 93,750 | 5,331 | | 93,847 | 2,997,877 |
| 1986-87 | | | | | | | |
| | 10-15 | 2,894,035 | 93,750 | 5,331 | | 93,684 | 2,992,480 |
| | 1-15 | 2,892,532 | 93,750 | 5,331 | | 93,515 | 2,986,914 |
| | 4-15 | 2,890,982 | 93,750 | 5,331 | | 93,341 | 2,981,174 |
| | 7-15 | 2,889,382 | 93,750 | 5,331 | | 93,162 | 2,975,255 |
| 1987-88 | | | | | | | |
| | 10-15 | 2,887,731 | 93,750 | 5,331 | | 92,977 | 2,969,150 |
| | 1-15 | 2,886,027 | 93,750 | 5,331 | | 92,786 | 2,962,855 |
| | 4-15 | 2,884,270 | 93,750 | 5,331 | | 92,589 | 2,956,363 |
| | 7-15 | 2,882,456 | 93,750 | 5,331 | | 92,386 | 2,949,669 |
| 1988-89 | | | | | | | |
| | 10-15 | 2,880,584 | 93,750 | 5,331 | 40,000 | 92,177 | 2,982,765 |
| | 1-15 | 2,878,653 | 93,750 | 5,331 | | 93,211 | 2,976,895 |
| | 4-15 | 2,876,660 | 93,750 | 5,331 | | 93,028 | 2,970,842 |
| | 7-15 | 2,874,603 | 93,750 | 5,331 | | 92,839 | 2,964,600 |
| 1989-90 | | | | | | | |
| | 10-15 | 2,872,481 | 93,750 | 5,331 | | 92,644 | 2,958,163 |
| | 1-15 | 2,870,291 | 93,750 | 5,331 | | 92,443 | 2,951,525 |
| | 4-15 | 2,868,032 | 93,750 | 5,331 | | 92,235 | 2,944,679 |
| | 7-15 | 2,865,700 | 93,750 | 5,331 | | 92,021 | 2,937,619 |
| 1990-91 | | | | | | | |
| | 10-15 | 2,863,295 | 93,750 | 5,331 | | 91,801 | 2,930,339 |
| | 1-15 | 2,860,812 | 93,750 | 5,331 | | 91,573 | 2,922,831 |
| | 4-15 | 2,858,251 | 93,750 | 5,331 | | 91,338 | 2,915,088 |
| | 7-15 | 2,855,607 | 93,750 | 5,331 | | 91,097 | 2,907,104 |
| 1991-92 | | | | | | | |
| | 10-15 | 2,852,880 | 93,750 | 5,331 | | 90,847 | 2,898,870 |
| | 1-15 | 2,850,065 | 93,750 | 5,331 | | 90,590 | 2,890,378 |
| | 4-15 | 2,847,161 | 93,750 | 5,331 | | 90,324 | 2,881,622 |
| | 7-15 | 2,844,164 | 93,750 | 5,331 | | 90,051 | 2,872,591 |
| 1992-93 | | | | | | | |
| | 10-15 | 2,841,072 | 93,750 | 4,637 | | 89,768 | 2,863,973 |
| | 1-15 | 2,837,881 | 93,750 | 670 | | 89,499 | 2,859,052 |
| | 4-15 | 2,834,589 | 93,750 | 670 | | 89,345 | 2,853,977 |
| | 7-15 | 2,831,191 | 93,750 | 670 | | 89,187 | 2,848,744 |
| 1993-94 | | | | | | | |
| | 10-15 | 2,827,686 | 93,750 | 670 | | 89,023 | 2,843,347 |
| | 1-15 | 2,827,686 | 2,917,818 | 670 | | 88,855 | 13,714 |
| | | | $6,811,383 | $374,896 | $3,288,000 | $3,911,993 | |

## Pension Fund

Texas Municipal Retirement System . . . All permanent, full time City employees who are not firemen are covered by the Texas Municipal Retirement System. The System is a contributory, annuity-purchase type plan which is covered by a State statute and is administered by six trustees appointed by the Governor of Texas. The System operates independently of its member cities.

The City of Lubbock joined the System in 1950 to supplement Social Security. All City employees except firemen are covered by Social Security. Options offered under the System, and adopted by the City, include current, prior and antecedent service credits, ten year vesting, updated service credit, occupational disability benefits and survivor benefits for the spouse of a vested employee. An employee who retires receives an annuity based on the amount of the employees contributions over-matched two for one by the City. Employee contribution rate is 6% of gross salary. The City's contribution rate is calculated each year using actuarial techniques applied to experience. The 1992 contribution rate is 11.21%. Enabling statutes prohibit any member city from adopting options which impose liabilities that cannot be amortized over 25 years within a specified statutory rate.

On December 31, 1990, assets held by the System, not including those of the Supplemental Disability Fund which is "pooled", for the City of Lubbock were $67,453,028. Unfunded accrued liabilities on December 31, 1990, were $20,974,405, which is being amortized over the period 1991 through 2015. Total contributions by the City to the System in Fiscal Year Ending 9-30-91 were $4,242,319.

Firemen's Relief and Retirement Fund . . . City of Lubbock firemen are members of the locally administered Lubbock Firemen's Relief and Retirement Fund, operating under an act passed in 1937 by the State Legislature and adopted by City firemen, by vote of the department, in 1941. Firemen are not covered by Social Security.

The Fund is governed by seven trustees, three firemen, two outside trustees (appointed by the other trustees), the Mayor or his representative and the Assistant City Manager for Financial Services of the City. Execution of the act is monitored by the Firemen's Pension Commissioner, who is appointed by the Governor.

Benefits of retired firemen are determined on a "formula" or a "final salary" plan. Actuarial reviews are performed every three years, and the fund is audited annually. Firemen contribute 11% of full salary into the fund and the City must contribute a like amount; however, the City contributes on a basis of the percentage of salary which is a ratio adjusted annually that bears the same relationship to the firemen's contribution rate that the City's rate paid into the Texas Municipal Retirement System and FICA bears to the rate other employees pay into the Texas Municipal Retirement System and FICA. The City's contribution rate for 1992 is 15.1985%.

As of December 31, 1990, unfunded liabilities were $10,714,913 which is being amortized over a 27 year period beginning October, 1989.

The City contributed $1,223,592 to the Fund during Fiscal Year ended 9-30-91.

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* Sources: Texas Municipal Retirement System, Comprehensive Annual Financial Report for Year Ended December 31, 1990.

City of Lubbock, Texas.

## FINANCIAL INFORMATION

### General Fund Revenues and Expenditures

| | Fiscal Years Ended | | | | |
|---|---|---|---|---|---|
| Revenues | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Ad valorem Taxes | $16,213,919 | $14,911,385 | $14,329,641 | $12,538,368 | $12,044,707 |
| Sales Taxes | 15,907,117 | 15,530,468 | 15,059,072 | 13,960,077 | 12,563,905 |
| Franchise Taxes | 3,488,691 | 3,377,870 | 3,077,372 | 3,108,228 | 3,111,362 |
| Miscellaneous Taxes | 667,478 | 712,203 | 629,320 | 669,292 | 646,777 |
| Licenses and Permits | 768,924 | 719,979 | 613,668 | 579,369 | 628,144 |
| Intergovernmental | 1,227,449 | 1,511,791 | 1,179,271 | 1,124,237 | 1,104,585 |
| Charges for Services | 2,081,955 | 2,243,428 | 2,091,277 | 2,058,402 | 1,885,450 |
| Fines | 2,378,986 | 2,489,471 | 2,365,787 | 2,063,207 | 1,581,702 |
| Miscellaneous | 4,042,185 | 3,222,731 | 3,802,560 | 2,694,897 | 2,836,814 |
| Transfer from Other Funds and Other Financing Sources | 13,890,216 | 13,175,352 | 12,173,142 | 12,319,367 | 12,308,945 |
| Total Revenues and Transfers (From) | $60,666,920 | $57,894,678 | $55,321,110 | $51,115,444 | $48,712,391 |
| Expenditures | | | | | |
| General Government | $ 2,412,645 | $ 2,449,344 | $ 2,966,651 | $ 2,056,095 | $ 2,444,659 |
| Financial Services | 1,910,799 | 1,815,589 | 1,751,968 | 1,671,752 | 1,507,961 |
| Management Services | 2,579,610 | 2,500,230 | 2,113,725 | 2,202,132 | 2,031,032 |
| Development Services | 6,274,866 | 5,831,381 | 5,522,932 | 5,312,624 | 5,282,956 |
| Public Safety and Services | 42,247,744 | 39,968,470 | 37,432,994 | 34,111,128 | 33,088,839 |
| Non-Departmental | 29,532 | 265,108 | 16,761 | 52,602 | 38,438 |
| Transfer to Other Funds | 4,642,478 | 4,304,580 | 5,408,139 | 4,809,466 | 3,402,501 |
| Total Expenditures and Transfers (To) | $60,097,674 | $57,134,702 | $55,213,170 | $50,215,799 | $47,796,386 |
| Excess of Revenues and Transfers (From) Over Expenditures (To) | $569,246 | $759,976 | $107,940 | $899,645 | $916,005 |
| Adjustments | (64,212) | (22,969) | 292,597 | -0- | -0- |
| Fund Balance at Beginning of Year | 9,343,076 | 8,606,069 | 8,205,532 | 7,305,887 | 6,389,882 |
| Fund Balance at End of Year | $ 9,848,110 | $ 9,343,076 | $ 8,606,069 | $ 8,205,532 | $ 7,305,887 |
| Less: Reserves and Designations | (1,769,507) | (1,706,674) | (1,694,805) | (1,829,358) | (1,381,549) |
| Undesignated Fund Balance | $ 8,078,603 | $ 7,636,402 | $ 6,911,264 | $ 6,376,174 | $ 5,924,338 |

## Municipal Sales Tax History

The City has adopted the Municipal Sales and Use Tax Act, VATCS, 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 Bonds. 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. Revenue from this source, for the years shown, has been:

| Fiscal Year Ended 9-30 | Total Collected | % of Ad Valorem Tax Levy | Equivalent of Ad Valorem Tax Rate | Per Capita* |
|---|---|---|---|---|
| 1982 | $10,939,663 | 61.79% | $0.408 | $61.36 |
| 1983 | 11,355,581 | 59.17% | 0.361 | 62.57 |
| 1984 | 12,480,746 | 63.27% | 0.386 | 68.54 |
| 1985 | 13,310,105 | 57.95% | 0.341 | 70.94 |
| 1986 | 12,953,236 | 53.80% | 0.323 | 68.80 |
| 1987 | 12,563,905 | 47.50% | 0.285 | 66.58 |
| 1988 | 13,960,077 | 51.14% | 0.312 | 73.47 |
| 1989 | 15,059,072 | 51.52% | 0.330 | 78.68 |
| 1990 | 15,530,468 | 52.23% | 0.334 | 83.40 |
| 1991 | 15,907,117 | 52.67% | 0.337 | 85.00 |

* Based on estimated population for all years except 1990 which is U.S. Census.

## Financial Policies

Basis of Accounting . . . The City's policy is to adhere to accounting principles as established by the Governmental Accounting Standards Board. For governmental funds, this is the modified accrual basis and for proprietary funds the accrual basis of accounting.

General Fund Balance . . . The City's objective is to achieve and maintain a General Fund balance equivalent to two months operating cost of the General Fund Budget. This should be sufficient to provide financing for necessary projects, unanticipated contingencies, and fluctuations in anticipated revenues.

Debt Service Fund Balance . . . A reasonable debt service fund balance is maintained in order to compensate for unexpected contingencies.

Budgetary Procedures . . . The City follows these procedures in establishing operating budgets:

1) Prior to August 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.

2) Public hearings are conducted to obtain taxpayer comments.

3) Prior to October 1, the budget is legally enacted through passage of an ordinance.

4) The City Manager is authorized to transfer budgeted amounts between departments and funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

5) Formal budgetary integration is employed as a management control device during the year for the General, Convention and Tourism, Criminal Investigation, and Capital Projects Funds. Budgets are adopted on an annual basis. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture and other contract provisions.

6) Budgets for General, Convention and Tourism, Criminal Investigation, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7) Appropriations for the General Fund lapse at year end. Unencumbered balances for the Capital Projects Funds continue as authority for subsequent period expenditures.

8) Budgetary comparisons are presented for the General Fund, Special Revenue Funds, and Capital Projects Funds in the combined financial statement sections of the Comprehensive Annual Financial Report.

Fund Investments . . . The City's investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government, obligations of U.S. Government agencies and insured or fully collateralized investments.

Insurance . . . Except for Airport liability insurance, the City is self-insured for liability, workers' compensation, and health benefits coverage. Insurance policies are maintained with large deductibles for fire and extended coverage and boiler coverage. An Insurance Fund has been established in the Internal Service Fund to account for insurance programs and budgeted transfers are made to this fund based upon estimated payments for claim losses.

At 1-31-92 the reserves had the following balances:

| | |
|---|---|
| Reserve for self-insurance - health | $2,049,389 |
| Reserve for self-insurance - other than health | $2,063,324 |

## OTHER RELEVANT INFORMATION

### Ratings

Moody's Investors Service, Inc. has assigned to the Bonds a rating of "Aa" and Standard & Poor's Corporation has assigned to the Bonds a rating of "AA". An explanation of the significance of such ratings may be obtained from the company furnishing the rating. Such 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 or both of them, may have an adverse effect on the market price of the Bonds.

### Tax Exemption

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporation. The statute, regulation, ruling, and court decisions on which such opinion is based are subject to change.

Interest on all tax-exempt obligations, including the Bonds, owned by a corporation will be included in such corporation's adjusted net book income for the 1989 tax year, or adjusted current earnings, for tax years beginning after 1989, for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust (REIT), or a real estate mortgage investment conduit (REMIC). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the Tax Reform Act of 1986 and the environmental tax imposed by the Superfund Revenue Act of 1986 will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

The Tax Simplification Act of 1991, as proposed by the chairmen and the ranking minority members of the House Ways and Means Committee and the Senate Finance Committee, would amend the Code to require certain "large partnerships" to include in the computation of taxable income at the partnership level for partnership taxable years ending on or after December 31, 1992, interest on obligations such as the Bonds which otherwise would be excludable from gross income under Section 103(a) of the Code. Prospective purchasers of the Bonds who might be or become "large partnerships" should consult their own tax advisors regarding the tax consequences of owning the Bonds.

**Tax Accounting Treatment of Original Issue Discount**

The initial public offering price to be paid for certain Bonds may be less than the principal amount payable on such Bond at maturity (the "Discount Bonds"). An amount equal to the difference between the initial pubic offering price of the Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the principal amount payable at maturity constitutes interest to the initial purchaser of such Discount Bonds. A portion of such interest, allocable to the holding period of such Discount Bond by the initial purchaser, will, upon the disposition of such Discount Bonds (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by the Tax Reform Act of 1986 and the environmental tax imposed by the Superfund Revenue Act of 1986, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or who have paid or incurred certain expenses allocable to tax-exempt obligations.

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

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

**Registration and Qualification of Bonds for Sale**

The sale of the Bonds 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 Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

**Legal Investments and Eligibility to Secure Public Funds in Texas**

Section 9 of the Bond Procedures Act provides that the Bonds "shall constitute negotiable instruments, and are investment securities governed by Chapter 8, Texas Uniform Commercial Code, notwithstanding any provisions of law or court decision to the contrary, and are legal and authorized investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees, and for the sinking fund of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas". Texas law further provides that if the Bonds have and maintain a current rating, as to investment quality, of not less than "A" or its equivalent, by a nationally recognized rating agency, the Bonds are eligible to secure deposits of any public funds of the state, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. **To determine whether the Bonds described herein are eligible to secure public deposits, reference should be made to current ratings shown herein under Ratings (see "Ratings").**

### Litigation

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

### Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to unqualified approval of the Attorney General of the State of Texas and Fulbright & Jaworski, Bond Counsel. Fulbright & Jaworski was not requested to participate, and did not take part in the preparation of the Official Statement except as hereinafter noted; and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under captions "Plan of Financing", "Bond Information", and the sub-captions "Tax Exemption" and "Tax Accounting Treatment of Original Issue Discount" under the caption "Other Relevant Information" in the Official Statement and such firm is of the opinion that the information relating to legal matters and to the Bonds and the Ordinance contained under such captions is accurate and correct in all material respects to the matters addressed under such captions. The legal fee to be paid to Fulbright & Jaworski in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas.

### Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City at an aggregate discount of $193,481.75 from the initial offering price of the Bonds. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

### Verification of Arithmetical and Mathematical Computations

The arithmetical accuracy of certain computations included in the schedules provided by First Southwest Company on behalf of the City relating to (a) Computation of forecasted receipts of principal and interest on the Acquired Obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) Computation of the yields on the Bonds and the Federal Securities was examined by KPMG Peat Marwick, certified public accountants. Such computations were based solely on assumptions and information supplied by First Southwest Company on behalf of the City. KPMG Peat Marwick has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information on which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

### Authenticity of Financial Data and Other Information

The financial data and other information contained herein have been obtained from the City's 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 Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Miscellaneous

All estimates, statements and assumptions in this Official Statement and the appendices hereto have been made on the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact and no representation is made that any of such statements will be realized.

The execution and delivery of this Official Statement by its Mayor was duly authorized by the City Council of the City on April 10, 1992.

CITY OF LUBBOCK, TEXAS

/s/ B. C. MC MINN
Mayor

ATTEST:

/s/ RANETTE BOYD
City Secretary

## SCHEDULE I

### CITY OF LUBBOCK, TEXAS
### SCHEDULE OF REFUNDED BONDS

| | $9,500,000 General Obligation Bonds, Series 1983 Dated May 15, 1983 Callable February 15, 1993 (1) | | $13,515,000 General Obligation Refunding Bonds, Series 1985; Dated November 15, 1985 Callable February 15, 1995 (2) | |
|---|---|---|---|---|
| Maturity April 15 | Principal Amount | Interest Rate | Principal Amount | Interest Rate |
| 1994 | $ 950,000 | 7.75% | $ | |
| 1995 | 950,000 | 7.90% | | |
| 1996 | 950,000 | 8.00% | 3,450,000 | 7.90% |
| 1997 | 950,000 | 8.00% | 3,380,000 | 8.00% |
| 1998 | 950,000 | 8.00% | 3,395,000 | 8.10% |
| 1999 | 950,000 | 8.00% | 3,290,000 | 8.20% |
| 2000 | 950,000 | 7.00% | | |
| 2001 | 950,000 | 7.00% | | |
| 2002 | 950,000 | 7.00% | | |
| 2003 | 950,000 | 7.00% | | |
| | $9,500,000 | | $13,515,000 | |

(1) Series 1983 original amount $18,775,000; amount outstanding March 1, 1992, $10,450,000. Maturities February 15, 1994 through 2003, totaling $9,500,000, shown above, have been duly called for redemption on February 15, 1993, and will be redeemed at their par value plus accrued interest to said date fixed for redemption.

(2) Series 1985 original amount $58,735,000 Current Interest Bonds; amount outstanding March 1, 1992, $25,190,000. Maturities February 15, 1996 through 1999, totaling $13,515,000, shown above, have been duly called for redemption on February 15, 1995, and will be redeemed at their par value plus accrued interest to said date fixed for redemption.

In addition, Series 1985 original amount $1,879,070 Capital Appreciation Bonds, maturing February 15, 2000 through 2003, are not subject to prior redemption and remain outstanding.

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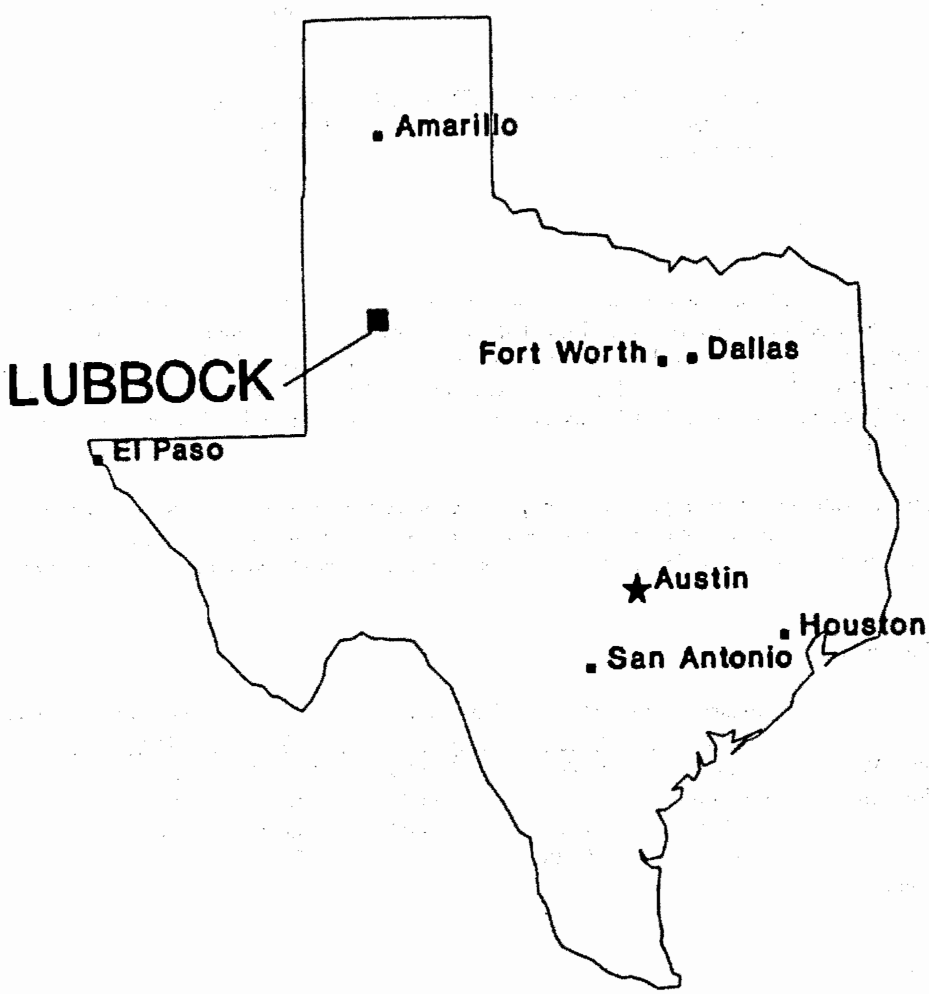
APPENDIX A

GENERAL INFORMATION REGARDING THE CITY



## Location

The City of Lubbock, County Seat of Lubbock County, Texas, is located on the South Plains of West Texas. Lubbock is the economic, educational, cultural and medical center of the area.

## Population

Lubbock is the ninth largest City in Texas:

| | City of Lubbock (Corporate Limits) |
|---|---|
| 1910 Census | 1,938 |
| 1920 Census | 4,051 |
| 1930 Census | 20,520 |
| 1940 Census | 31,853 |
| 1950 Census | 71,390 |
| 1960 Census | 128,691 |
| 1970 Census | 149,701 |
| 1980 Census | 173,979 |
| 1990 Census | 186,206 |

| Metropolitan Statistical Area ("MSA") | (Lubbock County) |
|---|---|
| 1970 Census | 179,295 |
| 1980 Census | 211,651 |
| 1990 Census | 222,636 |

## Agriculture

Lubbock is the center of a highly mechanized agricultural area with a majority of the crops irrigated with water from underground sources. Principal crops are cotton and grain sorghums with livestock a major additional source of agricultural income. Official 1990 cotton production in the 25-county area around Lubbock was 2,950,900 bales; 1989 production was 1,608,200 bales (source: Plains Cotton Growers, Inc., Lubbock, Texas). Three major vegetable oil plants located in Lubbock have a combined weekly capacity of over 1,869 tons of cottonseed and soybean oil. Several major seed companies are headquartered in Lubbock.

Over 200 manufacturing plants in Lubbock produce such products as semi-conductor products, vegetable oils, heavy earth-moving machinery, irrigation equipment and pipe, farm equipment, paperboard boxes, foodstuffs, mobile and prefabricated homes, poultry and livestock feeds, boilers and pressure vessels, automatic sprinkler system heads, structural steel fabrication and soft drinks.

## Lubbock MSA Labor Force Estimates

| | January 1992 (1) | December 1991 | November 1991 | January 1990 | December 1990 | November 1990 |
|---|---|---|---|---|---|---|
| Civilian Labor Force | 114,500 | 114,400 | 115,600 | 113,700 | 116,900 | 117,600 |
| Total Employment | 106,700 | 107,900 | 109,000 | 107,700 | 111,400 | 111,400 |
| Unemployment | 7,800 | 6,500 | 6,600 | 6,000 | 5,500 | 6,200 |
| Percent Unemployment | 6.8% | 5.7% | 5.7% | 5.3% | 4.7% | 5.3% |

(1) Subject to revision.

Source: Texas Employment Commission.

Estimated non-agricultural wage and salaried jobs in various categories as of January, 1992, were:

| | |
|---|---|
| Manufacturing | 7,100 |
| Mining | 200 |
| Construction | 3,400 |
| Transportation | 5,500 |
| Trade | 27,800 |
| Finance, Insurance and Real Estate | 4,700 |
| Services | 25,500 |
| Government | 23,400 |
| Total | 97,600 |

Some larger industries in Lubbock (with 300 employees or more) are:

| Company | Product | Estimated Employees February, 1992 |
|---|---|---|
| Texas Tech University | State University | 7,705* |
| TTU Health Sciences Center | Medical and Allied Health School | 3,264 |
| Methodist Hospital | Hospital | 3,200 |
| Lubbock Independent School District | Public Schools | 3,082 |
| Reese Air Force Base | U.S. Military Installation | 2,320** |
| City of Lubbock | City Government | 1,810 |
| University Medical Center | Hospital | 1,700 |
| St. Mary's Hospital | Hospital | 1,700 |
| Texas Instruments, Incorporated | Electronics Manufacturer | 1,300 |
| Lubbock State School | School for Mentally Retarded | 1,100 |
| United Supermarkets | Retail Groceries | 925* |
| Furr's Cafeterias | Cafeterias | 720 |
| U.S. Postal Service | Post Office | 655 |
| Fleming Companies, Inc. | Wholesale Groceries | 500 |
| Lockheed Corporation | Contract Aircraft Maintenance at Reese Air Force Base | 464 |
| Southwestern Bell Telephone Company | Telephone Utility | 450 |
| ARA Food Service | Food Broker | 429 |
| Supermarkets Incorporated | Retail Groceries | 400 |
| Texas Department of Human Services | State of Texas Agency | 400 |
| Lubbock Regional Mental Health and Mental Retardation Center | State of Texas Agency | 400* |
| Marriott Corporation | Hotel/Housekeeping and Hotel Management | 330* |
| Lubbock Avalanche-Journal | Daily Newspaper | 320 |
| Southwestern Public Service Company | Electric Utility | 300 |

* Full and part time.
** Military and civilian.

Source: Office of Economic Development, City of Lubbock, Texas.

**Education . . . Texas Tech University . . .**

Established in Lubbock in 1923, Texas Tech University is the fifth largest State-owned University in Texas and had a Spring, 1992, enrollment of 22,766. Accredited by the Southern Association of Colleges and Schools, the University is a co-educational, State-supported institution offering the bachelor's degree in 158 major fields, the master's degree in 107 major fields, the doctorate degree in 64 major fields, and the professional degree in 2 major fields (law and medicine).

The University proper is situated on 451 acres of the 1,829 acre campus, and has over 160 permanent buildings with additional construction in progress. Spring, 1992, faculty membership was 867 full-time and 720 part-time. Including the Health Sciences Center, the University's operating budget for 1991-92 is $360.3 million of which $166.9 million is from State appropriations; book value of physical plant assets, including the Health Sciences Center, is in excess of $562 million.

The medical school had an enrollment of 390 for Spring, 1992, not including residents; there are 33 graduate students. The School of Nursing had a Spring, 1992, enrollment of 307 including the Permian Basin Program, located in Midland/Odessa; there were 34 graduate students. The Allied Health School had a Spring, 1992, enrollment of 138.

### Other Education Information

The Lubbock Independent School District, with an area of 87.5 square miles, includes over 90% of the City of Lubbock. There are approximately 3,082 total employees, including 2,393 certified (professional) personnel and 689 other employees. The District operates five senior high schools, nine junior high schools, 40 elementary schools and other educational programs.

Scholastic Membership History*

| School Year | Student Membership | Refined Average Daily Attendance |
|---|---|---|
| 1986-87 | 29,490 | 27,837 |
| 1987-88 | 30,955 | 28,194 |
| 1988-89 | 30,828 | 28,159 |
| 1989-90 | 30,861 | 28,373 |
| 1990-91 | 30,684 | 28,101 |
| 1991-92 | 30,736 | N.A. |

* Source: Superintendent's Office, Lubbock Independent School District.

Lubbock Christian University, a privately owned, co-educational senior college located in Lubbock, had an enrollment of 1,029 for the Spring Semester, 1992.

South Plains College, Levelland, Texas (South Plains Junior College District) operates a major off-campus learning center in a downtown Lubbock, 7-story building owned by the College. College offerings cover technical/vocational subjects; Spring Semester, 1992, enrollment was 1,314. The College also operates a major off-campus learning center at Reese Air Force Base; course offerings are in primarily academic subjects; Spring Session, 1992, enrollment was 860.

The State of Texas School for the Mentally Retarded, located on a 226-acre site in Lubbock, consists of 40 buildings with bed-capacity for 440 students; 429 students were in residence in February, 1992. The School's operating budget for 1991/92 is in excess of $20.0 million; there are 987 professional and other employees.

### Transportation

Scheduled airline transportation at Lubbock International Airport is furnished by American Airlines, Delta Airlines, Southwest Airlines, Continental Express and American Eagle; non-stop service is provided to Dallas-Fort Worth International Airport, Dallas Love Field, El Paso, Austin, Amarillo and Albuquerque. 1991 passenger boardings totaled 561,588. Extensive private aviation services are located at the airport.

Rail transportation is furnished by the Atchison, Topeka and Santa Fe Railway Company and the Burlington-Northern, Inc. with through service to Dallas, Houston, Kansas City, Chicago, Los Angeles and San Francisco. Short-haul rail service is also furnished by the Seagraves, Whiteface and Lubbock Railroad. Texas, New Mexico and Oklahoma Bus Lines, a subsidiary of Greyhound Corporation, provides bus service. Several motor freight common carriers provide service.

Lubbock has a well developed highway network including Interstate 27 (Lubbock-Amarillo), 4 U.S. Highways, 1 State Highway, a controlled-access outer loop and a county-wide system of paved farm-to-market roads.

### Government and Military

Reese Air Force Base, located 5 miles west of Lubbock, is an undergraduate Jet Pilot Training Base of the Air Training Command. The Base covers over 3,000 acres and has approximately 1,499 military, 576 civilian and 683 contract personnel.

State of Texas . . . More than 25 State of Texas boards, departments, agencies and commissions have offices in Lubbock; several of these offices have multiple units or offices.

Federal Government . . . Several Federal departments and various other administrations and agencies have offices in Lubbock; a Federal District Court is located in the City.

### Hospitals and Medical Care

There are eight hospitals in the City with over 1,750 beds. Methodist Hospital is the largest and also operates an accredited nursing school. Lubbock County Hospital District, with boundaries contiguous with Lubbock County, owns the University Medical Center which it operates as a teaching hospital for the Texas Tech University Medical School. There are numerous clinics and over 400 practicing physicians and surgeons (M.D.) plus the Texas Tech University Medical School Staff, and over 90 dentists. A radiology center for the treatment of malignant diseases is located in the City.

### Recreation and Entertainment

Lubbock's Mackenzie Regional Park and over 65 City parks and playgrounds provide recreation centers, shelter buildings, a garden and art center, swimming pools, a golf course, tennis and volley ball courts, baseball diamonds and picnic areas, including the Yellowhouse Canyon Lakes system of four lakes and 500 acres of adjacent parkland extending from northwest to southeast Lubbock along the Yellowhouse Canyon. There are several privately-owned public swimming pools and golf courses, and country clubs.

The City of Lubbock has developed a 36 square block area of approximately 100 acres adjacent to downtown Lubbock under the Lubbock Memorial Civic Center program. Approximately 50 acres contain the 300,000 square foot Lubbock Memorial Civic Center, the main City library building and State Department of Public Safety offices; a 50 acre peripheral area has been redeveloped privately with office buildings, hotels and motels, a hospital and other facilities.

Available to residents are Texas Tech University programs and events, Texas Tech University Museum, Planetarium and Ranch Heritage Center exhibits and programs, Lubbock Memorial Civic Center and its events, Lubbock Symphony Orchestra programs, Lubbock Theatre Center, Lubbock Civic Ballet, Municipal Auditorium and coliseum programs and events, the library and its branches, the annual Panhandle-South Plains Fair, college and high school football, basketball and other sporting events; modern movie theatres.

### Churches

Lubbock has approximately 255 churches representing more than 25 denominations.

### Utility Services

Water and Sewer - City of Lubbock.

Gas - Energas Company.

Electric - City of Lubbock (Lubbock Power & Light) and Southwestern Public Service Company; and, in a small area, South Plains Electric Co-operative.

### Economic Indices (1)

| | | Utility Connections | | |
|---|---|---|---|---|
| Year | Building Permits | Water | Gas | Electric (LP&L Only)(2) |
| 1982 | $130,720,599 | 56,172 | 54,650 | 34,987 |
| 1983 | 230,440,777 | 58,034 | 54,927 | 37,282 |
| 1984 | 212,353,170 | 59,262 | 56,540 | 39,037 |
| 1985 | 168,740,229 | 60,051 | 56,600 | 40,506 |
| 1986 | 139,317,252 | 60,751 | 56,900 | 41,759 |
| 1987 | 100,046,309 | 61,027 | 57,266 | 42,696 |
| 1988 | 105,159,525 | 61,628 | 57,886 | 43,781 |
| 1989 | 105,363,072 | 61,857 | 60,312 | 44,518 |
| 1990 | 140,855,719 | 62,178 | 61,700 | 45,301 |
| 1991 | 131,333,756 | 62,267 | 60,803 | 46,245 |

(1) All data as of 12-31; Source: City of Lubbock.

(2) Electric connections are those of City of Lubbock owned Lubbock Power and Light ("LP&L") and do not include those of Southwestern Public Service Company or South Plains Electric Cooperative.

**Building Permits by Classification**

| Calendar Year | Residential Permits: Single Family No. Units | Single Family Value | Duplexes No. Permits (Units) | Duplexes Value | Apartments(1) No. Units | Apartments(1) Value | Total Residential No. Permits Units | Total Residential Value | Commercial, Public and Other Permits | Total Building Permits |
|---|---|---|---|---|---|---|---|---|---|---|
| 1982 | 733 | $56,023,000 | 34( 68) | $ 2,442,250 | 860 | $18,504,660 | 1,661 | $ 76,969,910 | $ 53,750,689 | $130,720,599 |
| 1983 | 1,166 | 88,830,755 | 135(720) | 11,786,500 | 2,520 | 59,356,586 | 3,956 | 159,973,841 | 70,466,936 | 230,440,777 |
| 1984 | 919 | 65,815,115 | 56(112) | 6,068,500 | 645 | 16,546,000 | 1,676 | 88,429,615 | 123,923,555 | 212,353,170 |
| 1985 | 601 | 50,100,350 | 33( 66) | 2,586,300 | 96 | 2,664,000 | 763 | 55,350,650 | 113,389,579 | 168,740,229 |
| 1986 | 599 | 49,329,236 | 7( 14) | 566,000 | -0- | -0- | 613 | 49,895,236 | 89,422,016 | 139,317,252 |
| 1987 | 508 | 44,466,937 | -0- | -0- | -0- | -0- | 508 | 44,466,937 | 55,579,372 | 100,046,309 |
| 1988 | 414 | 35,588,945 | -0- | -0- | -0- | -0- | 414 | 35,588,945 | 69,570,580 | 105,159,525 |
| 1989 | 368 | 31,345,375 | 6( 12) | 440,800 | -0- | -0- | 374 | 31,786,175 | 73,576,897 | 105,363,072 |
| 1990 | 368 | 35,652,140 | -0- | -0- | 8 | 416,000 | 376 | 36,068,140 | 104,787,579 | 140,855,719 |
| 1991 | 424 | 38,574,190 | -0- | -0- | -0- | -0- | 424 | 38,574,190 | 92,759,566 | 131,333,756 |

(1) Data shown under "No. Units" is for each individual apartment dwelling unit, and is not for separate buildings; includes triplex and quadruplex permits.

Source: City of Lubbock, Texas.

**The following information concerning the Waterworks System, the Sewer System, the Electric Light and Power System, the Airport System, the Solid Waste Disposal System and the Golf Course Facilities is for general information only.**

**The Waterworks System**

Water Supply . . . Currently, the primary source of water for Lubbock is the Canadian River Municipal Water Authority ("CRMWA") which delivers raw water from its Lake Meredith reservoir, located on the Canadian River about 50 miles north of Amarillo, to member cities through an underground aqueduct system. Lubbock is one of eleven member cities of CRMWA; other members are Amarillo, Pampa, Borger, Plainview, Slaton, Levelland, Brownfield, Tahoka, O'Donnell and Lamesa. Lubbock received 32,376 acre feet of water from CRMWA in Calendar Year 1991, approximately 86% of the City's total consumption. Cost of the project is being repaid to the Bureau of Reclamation by CRMWA through a reimbursable loan maturing annually through 2018; debt requirements are paid from revenues received by CRMWA from sale of water to member cities. Member cities make payments for water received from revenues derived from operation of their respective waterworks systems.

Other Water Supply Sources . . . Part of the City's water supply is obtained from 238 potable water wells, all producing from the Ogallala Acquifer, which underlies the High Plains of Texas. Combined capacity of these wells is over 45 million gallons per day. Primary wells are located in the "Sand Hills" area about 60 miles northwest of Lubbock in Lamb and Bailey Counties in which the City owns approximately 81,235 acres of water rights; the City has also contracted for the annual purchase of 1,260 acre feet of water from private sources adjacent to the Sand Hills tract. These ground water sources are used primarily for peaking purposes.

Lake Alan Henry . . . The Brazos River Authority ("BRA") on behalf of the City of Lubbock (the "City") is constructing a dam and reservoir on the South Fork of the Double Mountain Fork of the Brazos River ("Lake Alan Henry") about 60 miles southeast of Lubbock to enhance provision for long term water supply needs. The Texas Water Commission has granted a permit for impoundment at the reservoir site.

Future population and water demand estimates for Lubbock, projected by the Texas Department of Water Resources ("TDWR"), indicate that Lubbock's water use in high-use years is expected to increase to over 50 million gallons per day ("mgd") by 2040 assuming low population growth. Although historical population increases have not been as great as the TWDR population estimates, increased population and decreasing water supplies have required the City to pursue new sources of supply.

In 1978 Freese and Nichols, Inc., Consulting Engineers, estimated that Lake Alan Henry would have a firm yield of 26,100 acre-feet per year when the lake is first constructed, and 20,600 acre-feet per year after 50 years of operation. If the reservoir is operated with a variable rate of demand, an estimated average yield of 30,200 acre-feet per year could be withdrawn initially. After 50 years of operation, the variable demand yield would decrease to 27,000 acre-feet per year. This would provide Lubbock with a reliable water supply of 23.3 mgd and an average water supply of 26.9 mgd. Assuming a worst case scenario of: a 65 percent allocation from CRMWA (22.1 mgd), an average withdrawal from the Sand Hills Field (8.9 mgd), and a firm yield from Lake Alan Henry (23.3 mgd), Lubbock would have a reliable supply of 54.3 mgd which would be sufficient to meet projected normal water demands through about the year 2040. Based on the results of the water quality monitoring program by the United States Geological Survey and Lubbock, it was concluded that water in Lake Alan Henry would be of better quality than water from Lake Meredith.

The City has contracted with BRA (the "Contract") to construct the dam and water supply reservoir at the Lake Alan Henry site (the "Project") and construction commenced in 1991. The Project will provide Lubbock with an average of 26.9 mgd of municipal water supply. It is estimated that the Project will require two years to construct and three years to fill, based on average runoff conditions. At conservation storage the reservoir will contain 115,937 acre-feet of water; mean depth at conservation storage will be approximately 40 feet; maximum depth will be approximately 100 feet near the dam. The contributing drainage area is an estimated 394 square miles.

Total construction cost is estimated to be $54,639,000 and BRA has issued $56,655,000 Special Facilities (Lake Alan Henry) Revenue Bonds to provide funds for construction and establishment of reserve and repair and replacement funds. The Special Facilities Revenue Bonds are payable from net revenues derived from the operation and ownership of Lake Alan Henry, including payments to be made under the Contract to BRA.

Under the Contract Lubbock will buy and pay for the entire amount of water which can be supplied by the Project whether used or not. Payments to BRA during each Fiscal Year (beginning October 1 and ending September 30) shall equal the sum of:

(1) Capital costs (debt service) payable during such Fiscal Year; plus

(ii) Maintenance and Operation Costs as adjusted, which, by the Authority's estimates made prior to the beginning of such Fiscal Year, will be incurred during such Fiscal Year; plus

(iii) Management Fees for such Fiscal Year.

Payments under the Contract constitute operating expenses of the City's Waterworks System, payable from gross revenues of the Waterworks System.

Additional facilities, which may be financed by the City directly or by BRA as Additional Special Facility Revenue Bonds, will be required to transport and treat the water from Lake Alan Henry; such facilities are not included in the estimated construction costs shown above.

The System . . . Lubbock's Waterworks System is modern and efficient; property, plant and equipment are valued at $86,054,721, after depreciation and including cost of construction work in progress, at September 30, 1991. Equipment includes remote control and communication facilities with centralized operation and direction of the water supply system. The distribution system extends throughout the City and is designed for expansion. Present pumping capacity is 106 million gallons per day.

Storage capacity includes a 1,200 acre-foot open storage reservoir near the water treatment plant, which permits the storage of surplus water received from CRMWA in off-peak periods. In addition, 14 ground storage reservoirs and 4 elevated steel storage tanks provide storage capacity of 61,350,000 gallons, entirely adequate for peak hour and fire protection requirements.

Water Consumption

| Calendar Year | Average Daily Consumption (mgd)* | Maximum Consumption Day/Year (mgd)* |
|---|---|---|
| 1987 | 31.980 | 57.007 |
| 1988 | 34.981 | 60.399 |
| 1989 | 36.367 | 69.124 |
| 1990 | 36.408 | 79.003 |
| 1991 | 33.674 | 67.377 |

* The City has water sales contracts for the sale of treated water to Reese Air Force Base, the City of Lake Ransom Canyon and Lubbock County Water Control and Improvement District No. 1 (Buffalo Springs Lake); deliveries to these entities, averaging 0.706 mgd in 1991, are included in the above calculations.

Water Treatment Facilities . . . The water treatment plant for the treatment of raw water received from CRMWA has a design capacity of 61.4 mgd and a maximum hydraulic capacity of 75 mgd. The plant has a 1,200 acre-feet open storage reservoir which permits storage of raw water during "off-peak" periods and 2.0 million gallons ("mg") clearwell storage for treated water.

The plant also treats CRMWA raw water deliveries for the Cities of Brownfield, Lamesa, Levelland, O'Donnell, Slaton and Tahoka prior to CRMWA delivery to those cities. Under contractual agreements with these cities Lubbock is fully reimbursed for all costs of this treatment including capital costs and debt service; total percentage of participation in treatment plant costs by these cities is 20.34%. In Calendar 1991 deliveries from the plant totaled 12,544.17 mg of which 10,630.32 mg was for Lubbock and 1,913.85 mg was delivered to the other participating cities.

Lubbock's ground water supply does not require treatment (other than the addition of chlorine).

**Water Treatment Plant Improvement Program**

The waterworks treatment plant is being upgraded and improved with major financing provided from the proceeds of $16,120,000 Combination Tax and Waterworks System Subordinate Lien Revenue Certificates of Obligation, Series 1991. Objectives are to (1) enable the plant to comply with the Safe Drinking Water Act of 1986 ("SDWA") and (2) upgrade the plant for safety, maintenance and repair. Total estimated cost of the program is $17,070,000.

**Condensed Statement of Operations - Waterworks System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $21,821,722 | $19,668,087 | $16,660,193 | $15,381,553 | $13,713,018 |
| Non-Operating Revenues | 4,050,163 | 1,880,945 | 626,042 | 978,585 | 803,167 |
| Gross Revenues | $25,871,885 | $21,549,032 | $17,286,235 | $16,360,138 | $14,516,185 |
| Operating Expense (excluding depreciation) (1) | 14,592,700 | 11,310,532 | 9,758,878 | 9,494,108 | 9,863,218 |
| Net Revenues | $11,279,185 | $10,238,500 | $ 7,527,357 | $ 6,866,030 | $ 4,652,967 |
| Water Meters | 62,262 | 62,119 | 62,631 | 61,628 | 60,981 |

(1) Operating expense includes all payments to CRMWA and BRA.

Note: The City has no outstanding or authorized Waterworks System Revenue Bonds, however, there is $34,665,883 general obligation debt outstanding which was issued for Waterworks System purposes which is supported from net revenues of the System,.

**Water Rates (Monthly)**

| | Water Consumption | Present Rates Effective October 1, 1990 | Previous Rates Effective October 1, 1989 |
|---|---|---|---|
| First | 1,000 Gallons (Minimum) | $7.31 | $6.76 |
| Next | 49,000 Gallons (per thousand) | 1.53 | 1.28 |
| Next | 200,000 Gallons (per thousand) | 1.37 | 1.12 |
| All Over | 250,000 Gallons (per thousand) | 1.31 | 1.06 |

**The Sewer System**

The Sewer System is operated as a separate enterprise fund and is not combined with the Waterworks System.

The Collection System . . . The sanitary sewage collection system, handled separately from the storm drainage system, includes approximately 750 miles of trunk mains and collection lines with trunk mains installed for future expansion of the collection system.

Water Reclamation Facilities . . . Treatment facilities consist of the Southeast Plant, with an average daily flow design capacity of 25 million gallons and the Northwest Plant, with an average daily flow design capacity of 0.75 million gallons. The Southeast Plant uses two processes for treatment; trickling filter and activated sludge. The Northwest Plant uses the contact stabilization process for sewage treatment. Recent funding will provide for upgrading and expansion of the Southeast Plant which will permit the City to consistently comply with requirements of the Texas Water Commission for wastewater treatment and effluent disposal by irrigation of land-application sites.

Wastewater Flows . . .

| Calendar Year (1) | Northwest Plant (mgd) | Southeast Water Reclamation Plant (mgd) |
|---|---|---|
| 1987 | 0.424 | 17.36 |
| 1988 | 0.455 | 17.40 |
| 1989 | 0.389 | 18.35 |
| 1990 | 0.399 | 18.50 |
| 1991 | 0.324 | 18.80 |

(1) During the period 1987-1991 the recorded combined peak daily flow was 23.6 mgd.

Effluent Disposal . . . Treated effluent is used for beneficial purposes; no effluent is presently discharged into streams. Treated effluent from the Northwest Plant is used to irrigate approximately 1,060 acres of farm land at Texas Tech University for agricultural research. Treated effluent from the Southeast Plant is used to irrigate two land-application sites:

(1) A site located adjacent to the City on the southeast, consisting of 5,800 acres owned by the City, currently being upgraded; storage capacity for effluent pending use for irrigation is 400 million gallons.

(2) A 3,400 acre privately owned farmland site near Wilson, Texas, approximately 15 miles southeast of Lubbock. There is storage capacity of 780 million gallons at this site for effluent pending its use for irrigation.

Southwestern Public Service Company has a contract with the City to use treated effluent from the Southeast Plant for cooling purposes in Southwestern Public Service Company's 512,000 kilowatt electric generating plant near Lubbock when the plant is in use.

Wastewater Treatment and Disposal Improvement and Expansion Project . . . The City is pursuing a comprehensive wastewater treatment and effluent disposal program that will upgrade and expand the Southeast Water Reclamation Plant, the City's major wastewater treatment facility. This program will enable the Plant to consistently comply with Texas Water Commission and United States Environmental Protection Agency permit requirements and provide treatment capacity to the design year 2010.

Effluent will continue to be disposed of through an enhanced land application system with alternative effluent discharges to the North Fork Double Mountain Fork, Brazos River, ("NFDMF Brazos River") below the plant.

The Project will be funded through loans from the Texas Water Development Board's ("TWDB") State Water Pollution Control Revolving Fund ("SRF") as follows:

| Year | SRF Loan* | Project | Brief Projection Description | Estimated Project Completion Date |
|---|---|---|---|---|
| 1991 | $ 1,655,000 | A (1) | Replace effluent pipeline to land application site with new 36" line | May, 1992 |
| 1992 | 34,520,000 | B (2) | One new activated sludge treatment plant; headworks facilities; solids handling facilities digester rehabilitation; administration maintenance building | July, 1994 |
| 1993 | 14,425,000 | C (3) | Discharge pipeline to NFDMF Brazos River; renovate and upgrade two existing treatment plants; convert existing administration building to a laboratory | May, 1995 |
| | $50,600,000 | | | |

* To be evidenced by a separate series of Combination Tax and Sewer System Subordinate Lien Revenue Certificates of Obligation for each loan (see "State Revolving Fund Loan Program" under "Anticipated Issuance of Authorized General Obligation Bonds and Other Obligations".

(1) In progress.
(2) Based on construction bids received March 10, 1992.
(3) Estimated; construction bids to be accepted March/April, 1993.

**Condensed Statement of Operations - Sewer System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $ 9,696,057 | $ 9,571,277 | $8,518,054 | $6,070,743 | $4,481,683 |
| Non-Operating Revenues | 720,169 | 763,549 | 579,026 | 300,024 | 520,311 |
| Gross Revenues | $10,146,226 | $10,334,826 | $ 9,097,080 | $6,370,167 | $5,001,994 |
| Operating Expenses (excluding depreciation) | 4,137,603 | 4,054,261 | 4,124,560 | 4,201,440 | 3,248,237 |
| Net Revenues | $ 6,278,623 | $ 6,280,565 | $4,972,520 | $2,169,237 | $1,753,757 |
| Sewer Meters (Estimated) | 62,262 | 62,119 | 62,631 | 61,628 | 60,981 |

Note: The City has no outstanding or authorized Sewer System Revenue Bonds; however, there is $48,929,386 general obligation debt outstanding (including $34,520,000 1992 Sewer System Certificates anticipated to be delivered to TWDB on or about 6-9-92) which was issued for Sewer System purposes and is supported by revenues of the System.

**Sewer Rates (Monthly)**

Residential

| Present Rates (Effective 9-30-91) | | | Previous Rates (Effective 1-1-89) | | |
|---|---|---|---|---|---|
| First | 3,000 gallons | $ 6.00 (Minimum) | First | 3,000 gallons | $5.60 (Minimum) |
| Next | 7,000 gallons | 0.75/M gallons | Next | 7,000 gallons | 0.68/M gallons |
| Over | 10,000 gallons | No additional charge | Over | 10,000 gallons | No additional charge |
| (Maximum Monthly Charge - $11.35) | | | (Maximum Monthly Charge - $10.36) | | |

Commercial/Industrial (1) (2)

| | | | | | |
|---|---|---|---|---|---|
| First | 3,000 gallons | $6.10 (Minimum)(3) | First | 3,000 gallons | $5.60 (Minimum) (3) |
| Over | 3,000 gallons | 0.75/M gallons | Over | 3,000 gallons | 0.68/M gallons |

(1) Includes universities, schools, geriatric institutions, orphan homes, public or private institutions, public schools, churches, multi-family residential and all other sewer service customers except individually metered residents.

(2) Industrial waste that excess allowable limits is subject to surcharges; surcharges for treating biochemical oxygen demand (B.O.D.) and suspended solids (S.S.) are:

| | | |
|---|---|---|
| B.O.D. | $0.0457/lb. | $0.1076/lb. |
| S.S. | $0.0272/lb. | $0.0918/lb. |

(3) Based on 5/8" or 3/4" meter; higher minimums for larger meters up to a maximum charge for a 10" meter of:

| | |
|---|---|
| $835.32 | $766.35 |

Discussion of Projected Sewer Rates

The City's present sewer rate structure is a modified user charge system based on water usage and surcharges for excessive strength contributions to the wastewater system (see "Sewer Rates", above).

As part of the Wastewater Project to be financed with SRF loans the City will adopt a formal User Charge System by ordinance with rates and regulations in accordance with Federal regulations. The User Charge System is now under development by the City and its rate consultants, Ernst & Young, Denver, Colorado, but is not yet at a state that will permit a definitive descriptive analysis, but may be ready for adoption by October 1, 1992.

A sewer rate increase of approximately 9% was implemented effective 10-1-1991; this rate increase is designed to initially anticipate and provide for the additional debt service requirements incurred under the proposed SRF loan program. Whether the final User Charge System is in place or not further successive annual sewer rate increases of approximately 9% on 10-1-92 and 10% on 10-1-93 will provide for increasing levels of debt service.

## Lubbock Power and Light

Lubbock Power and Light ("LP&L") was established in 1916, and is presently the largest municipal system in the West Texas region and the third largest in the State of Texas. LP&L and Southwestern Public Service Company ("Southwestern"), a privately owned utility company operating within the corporate limits of the City, each provide electric service to residents and businesses of the City. Essentially all of the City is covered by both systems, each of which has parallel lines throughout the City; one small area is served exclusively by South Plains Electric Cooperative and one small area is served exclusively by LP&L. As of January, 1992, the System served 57.3% of all connections.

Southwestern was granted a new 20-year franchise in 1982. The company pays the City a franchise tax of 3% of its gross receipts which is deposited into the City's General Fund; LP&L makes an equivalent in lieu of payment to the General Fund of the City. As of January, 1992, Southwestern supplies power to approximately 43% of the customers in Lubbock.

LP&L generates part of its power requirements through the use of three generating stations located within the City. These plants are geographically separated and deliver bulk power to substations through a 69 kilovolt (kV) transmission loop system.

LP&L currently contracts for the purchase of 25 megawatts (MW) of power from Southwestern; power is delivered via two interconnections, each capable of delivering up to 100 MW to LP&L.

Generating Stations . . . The total generating capacity of LP&L is 220,500 kW. Gas turbine generators provide the system with 52,500 kW of ready reserve and quick-start generation for emergency and peaking service. A new high efficiency gas turbine at Texas Tech University (E.Z. Brandon Station) is base loaded. Generating units consist of the following:

| Manufacturer | Year Installed | Station | Prime Mover | Fuel | Generator Capacity in kW |
|---|---|---|---|---|---|
| Nordberg | 1946 | 2* | Diesel | Dual Fuel | 2,500 |
| Nordberg | 1947 | 2* | Diesel | Dual Fuel | 2,500 |
| Westinghouse | 1952 | 2* | Steam Turbine | Gas or Oil | 11,500 |
| Westinghouse | 1953 | 2* | Steam Turbine | Gas or Oil | 11,500 |
| Westinghouse | 1958 | 2* | Steam Turbine | Gas or Oil | 22,000 |
| Westinghouse | 1964 | Holly | Gas Turbine | Gas or Oil | 12,500 |
| General Electric | 1965 | Holly | Steam Turbine | Gas or Oil | 44,000 |
| Worthington | 1971 | Holly | Gas Turbine | Gas or Oil | 18,000 |
| General Electric | 1974 | Holly | Gas Turbine | Gas or Oil | 22,000 |
| General Electric | 1978 | Holly | Steam Turbine | Gas or Oil | 54,000 |
| General Electric | 1990 | E.Z. Brandon | Gas Turbine** | Gas or Oil | 20,000 |
| | | | | | 220,500 |

* Since the completion of the second interconnection with Southwestern Public Service, Station No. 2 has been kept on standby and is used for peak and emergency power purposes.

** High efficiency, cogeneration plant located at Texas Tech University; waste heat is used to produce steam which is sold to the University.

Interconnection . . . An interconnection with Southwestern was completed and LP&L commenced buying power from Southwestern in December, 1981. In April, 1986, a second interconnection with Southwestern was energized; each interconnection is capable of providing up to 100 MW to LP&L.

Purchased Power . . . LP&L's contract with Southwestern extends to December 31, 2004, with year to year extensions thereafter subject to five years notice of termination by either party. The contract provides for "firm power", "emergency energy" and "non-firm" energy; non-firm energy purchases by LP&L are made on an economic dispatch basis and are subject to Southwestern's sole discretion to make such sales. Southwestern is the only interconnection to LP&L's system; the City must give two years notice of intention to take power from another supplier. The City specifies its firm power requirements five years in advance subject to adjustment by plus or minus 30% at least one year in advance. LP&L has designated 25 MW for 1992, 30 MW for 1993, 40 MW for 1994 and 1995 and 45 MW for 1996. Southwestern will make such firm power and energy available to LP&L as specified, provided it has sufficient capacity in its existing facilities for any requested increase. Southwestern serves an area covering the Panhandle and South Plains of Texas and parts of eastern New Mexico with an integrated electric generating and distribution system.

Fuel Supply . . . Present primary fuel supply for LP&L's generating system is natural gas, which is supplied by Adobe Gas Pipeline Company, Adobe Gas Marketing Company and Prudential-Bache Energy Growth Fund; LP&L has other alternative gas supplies including in-ground reserves owned by LP&L. These major gas suppliers are under long term contracts which provide LP&L with maximum flexibility in securing the lowest cost energy at all times.

Secondary fuel in the form of fuel oil is maintained in storage in the City. LP&L's present storage capability of fuel oil, for standby, secondary fuel, is over 1,500,000 gallons, an adequate supply of fuel oil for 5 days operation; with expected re-supply, this period would the substantially extended. The 1978 Holly steam generator has a multi-fuel capability as it is designed to burn natural gas or all grades of fuel oil. In practice LP&L maintains approximately 600,000 gallons of fuel oil in storage due to the availability of purchased power and back-up gas supply.

Transmission and Distribution . . . A 69,000 volt (69 kV) transmission loop system, 71.41 miles in length, provides bulk power to ten 69,000/12470 bulk substations with a combined base capacity of 321 megavolt amps (MVA). With all cooling systems in operation, these substations could provide up to 482 MVA. Of the above 69kV transmission lines, 27.41 miles have been constructed for operation at 115 kV. When system load dictates, these lines will be energized to 115kV and provide an additional 250% of transmission capacity due to the increased voltage. LP&L also has two interconnections with Southwestern Public Service which can provide up to 200 MVA of additional power; these interconnections are tied to LP&L through 4.33 miles of 230 kV transmission lines.

The distribution system includes approximately 655 miles of overhead distribution lines and approximately 197 miles of underground distribution lines. There are six 12,470/4160 volt substations in the distribution system. Net system load for Fiscal Year Ended September 30, 1991, was 958,946,784 kilowatt hours (kWh) with a peak demand of 202,000 kW.

Continuing Transmission and Distribution System Improvement Program . . . A transmission and distribution system construction and improvement program using internally generated funds is in progress.

Substation Construction and Facilities Relocation Program . . . Proceeds of $7,500,000 Electric Light and Power System Revenue Bonds, Series 1991, sold April 25, 1991, are being used to:

(1) Construction of a "South Substation" to meet expected load growth in south and southwest Lubbock and expected load growth along the I-27 corridor; this substation will also prevent future voltage problems in this region; this substation consists of two 15/20/25 MVA transformers with all required substation facilities, 69 kV transmission line extensions and 12.5 kV distribution feeder lines.

(2) East/West Freeway Clearing . . . The State's construction plans for an east/west freeway across Lubbock indicate that a major 69 kV transmission line along with numerous distribution lines will need to be relocated. The majority of these lines are located on or along existing public streets and alleys and consequently are not eligible for reimbursement by the Texas Department of Highways and will be relocated.

## Electric Rates

Electric rates in the City are set by City Council Ordinance and are the same for LP&L and Southwestern except for church, school and municipal rates, and minor variations in billing policies, and South Plains Electric Cooperative customers. Present rates became effective June 1, 1989.

Selected Electric Rates (Effective 6-1-1989)

| Residential | |
|---|---|
| Service Availability Charge | $ 4.66 per month |
| All kWh per month @ 3.93¢ per kWh | |
| Plus: Fuel Cost Recovery | |

| General Service | |
|---|---|
| Service Availability Charge: | $12.48 per month |
| First 1,000 kWh per month | 5.24¢ per kWh* |
| Next 6,000 kWh per month | 2.22¢ per kWh |
| Next 6,000 kWh per month | 1.05¢ per kWh |
| All additional kWh per month | 0.55¢ per kWh |

* Add to the 5.24¢ block 200 kWh for every kW of demand in excess of 10 kWs.

Demand: Measured as the customers kW demand for the 30-minute period of greatest use during the month.

Plus: Fuel Cost Recovery.

Minimum Charge: $12.98 per month for demand of 10 kW or less, plus $3.50 per kW for next 15 kW above 10 kW, plus $2.30 per kW for all additional kW. No demand shall be taken as less than 50% of highest demand established in 12 months ending with current month.

### Fuel Cost Recovery

The charge per kilowatt hour shall be increased by a fuel factor per kilowatt hour as provided in current Southwestern Public Service Tariff 7100 (Public Utility Commission of Texas sheet IV-69). The fuel factor will remain constant for approximately one year. At this time the fuel factor is $0.020636/kWh. All rates are subject to fuel cost recovery.

**Condensed Statement of Operations - Electric Light and Power System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $49,142,119 | $49,271,634 | $49,285,975 | $49,102,951 | $44,514,574 |
| Non-Operating Income | 3,247,106 | 2,926,158 | 3,802,433 | 2,629,613 | 803,100 |
| Gross Revenues | $52,389,225 | $52,197,792 | $53,088,408 | $51,732,564 | $45,317,674 |
| Operating Expense (excluding depreciation) | 33,225,153 | 33,730,001 | 34,442,694 | 31,928,152 | 32,649,325 |
| Net Revenues | $19,164,072 | $18,467,791 | $18,645,714 | $19,804,412 | $12,668,349 |
| Electric Connections | 46,014 | 45,114 | 43,315 | 43,781 | 42,702 |

| | |
|---|---|
| Maximum Principal and Interest Requirements, Electric System Revenue Bonds, Fiscal Year Ending 9-30-92 | $ 6,909,297 |
| Coverage by Net Revenues, Fiscal Year Ended 9-30-91 | 2.77 Times |
| Electric Light and Power System Revenue Bonds Outstanding 9-30-91 | $ 43,294,965 |
| Interest and Sinking Fund, 9-30-91 | $ 5,880,712 |
| Reserve Fund, 9-30-91 | $ 3,413,183 |

## Airport System

The City has owned and operated its airport since 1929, with scheduled airline service beginning in 1946. Lubbock International Airport is located six miles north of the central business district and has an area of 3,148 acres, of which approximately 1,900 acres is used for farming and clear zones.

Scheduled Airline Service . . . Schedule airline transportation is furnished by American Air Lines, Delta Airlines, Southwest Airlines, Continental Express and American Eagle. Non-stop scheduled service is provided to Dallas-Fort Worth International Airport, Dallas Love Field, El Paso, Austin, Amarillo and Albuquerque. 1991 passenger enplanements were 561,558.

Lubbock International Airport Terminal . . . The terminal building contains approximately 222,000 square feet; the terminal houses airport administrative offices, airline offices and ticket counters, the baggage claim area, car rental offices, a restaurant and inflight meal preparation kitchen, air freight tenants, meeting and press rooms, and 9 jetway equipped gates for airline use. Parking capacity is 1,820, including 140 employees. The old terminal building has been converted to government and commercial office space and houses a Federal Aviation Administration ("FAA") Flight Standard District Service Office.

Runway System . . . The runway system consists of:

1 - 11,500' x 150', north/south, primary runway with high intensity lighting and a FAA-operated instrument landing system and other navigational aids;

1 - 8,000' x 150', east/west, cross-wind runway, with high intensity lighting and a FAA operated instrument landing system;

1 - 2,800' by 75' general aviation runway; and a taxiway system connecting the runways with aprons, the terminal and other facilities.

General Aviation Facilities . . . An 8,779 square foot building on the east side of the airport houses some general aviation services, a National Weather Service office and a U.S. Customs office. General aviation services are mainly available from two west-side located major fixed base operators who provide hangars, aprons, fuel sales and other services for private aviation. 100 T-Hangars house most of the approximately 200 private aircraft that are based at the airport. Construction was completed in February, 1991, on a $5.2 million dollar project, partially funded by Federal participation, to provide reconstruction of the west cargo ramp which provides aircraft parking space for air freight operations, two bypass taxiways to improve traffic flow for runway 17 right and new underground wiring for all lighted taxiways of the airport. This new construction serves both general and commercial aviation facilities.

Warehouse, Hangar and Land Rentals . . . The airport has five 16,000 square foot warehouses and six other warehouses for storage space rental.

A 40,000 square foot hangar was completed and leased to the FAA on March 9, 1992.

Industrial . . . Two steel companies, a research company and a manufacturing company are located at the airport.

### Condensed Statement of Operations - Airport

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $4,064,177 | $3,810,316 | $3,617,038 | $3,223,095 | $2,966,294 |
| Non-Operating Revenue | 266,237 | 208,665 | 55,518 | 146,809 | 113,182 |
| Gross Income | $4,330,414 | $4,018,981 | $3,672,556 | $3,369,904 | $3,079,476 |
| Operating Expense (excluding depreciation) | 3,618,409 | 3,192,614 | 3,222,437 | 3,038,175 | 2,785,283 |
| Net Revenue | $ 712,005 | $ 826,367 | $ 450,119 | $ 331,729 | $ 294,193 |

| | |
|---|---|
| Maximum Principal and Interest Requirements, Airport Revenue Bonds, Fiscal Year Ending 9-30-92 | $ 118,258 |
| Coverage by Net Revenue, Fiscal Year Ended 9-30-91 | 6.02 Times |
| Airport Revenue Bonds Outstanding, 9-30-91 | $ 625,000 |
| Interest and Sinking Fund, 9-30-91 | $ 51,084 |
| Reserve Fund, Cash and Investments, 9-30-91 | $ 300,000 |

**Solid Waste Disposal System**

The Solid Waste Disposal System, operated by the City's Solid Waste Management Department of the City of Lubbock, handles collection and disposal of both residential and commercial garbage in the City. The residential collection system services approximately 20,000 containers and 54,000 accounts. Service is provided twice weekly. Residential collection is provided through three cubic yard metal containers serviced in alleys by 30-yard packer, side loading trucks on 38 separate routes.

The commercial portion of the system provides collection for approximately 25% of the commercial solid waste in the City, with the remainder serviced by private contracts. Collection for approximately 320 commercial accounts is provided through two yard to eight yard metal containers picked up by 30-yard automated frontloading units, and collection for approximately 1,000 accounts is provided by the same type container and pickup equipment as residential customers. Basic service is collection twice weekly with additional service available at an extra charge.

The City does not provide collection of brush or bulky waste. System customers may deliver covered loads to the City's landfill.

Landfill and Disposal Operations . . . The City operates a Type 1 Landfill (Texas Department of Health permit #69) on a 320-acre site. The facility receives approximately 170,000 tons of solid waste annually, and has a remaining life of approximately six years. Refuse is deposited into cells, compacted, and covered with six inches of intermediate soil cover. Once a cell reaches maximum height, final cover is applied and the area is monitored by a series of wells and visual inspections.

The City is in the process of submitting a permit request to the Texas Department of Health which would allow expansion onto a 150 acre tract adjoining the present landfill site; the new permit would include all new and proposed landfill regulations.

The landfill currently operates as a defacto regional landfill; the City is negotiating interlocal landfill use agreements with six area communities. These agreements would include payment of a tipping fee plus collection of an additional $2.00 per ton surcharge. Purpose of the surcharge would be to create a cleanup fund in the event future cleanup of site was required, or the fund could be used for future landfill facilities.

Landfill Expansion Program . . . The landfill is being expanded by the acquisition of 150 acres of adjacent land together with purchase of several pieces of heavy equipment.

**Condensed Statement of Operations - Solid Waste Disposal System**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 | 9-30-87 |
| Operating Revenues | $6,340,137 | $5,630,037 | $5,240,173 | $5,269,732 | $5,045,469 |
| Non-Operating Revenues | 361,452 | 158,154 | 24,028 | 89,134 | 57,777 |
| Gross Revenues | $6,701,589 | $5,788,191 | $5,264,201 | $5,358,866 | $5,103,246 |
| Operating Expense (excluding depreciation) | 4,949,622 | 4,340,042 | 4,440,521 | 4,400,138 | 4,450,446 |
| Net Revenues | $1,751,967 | $1,448,149 | $ 823,680 | $ 958,728 | $ 652,800 |
| Number Residential Customers | 51,999 | 51,568 | 51,380 | 52,194 | 52,155 |
| Number Commercial Customers | 1,337 | 1,322 | 1,336 | 1,216 | 1,170 |

Note: The City has no outstanding or authorized Solid Waste System Revenue Bonds, however, there is $1,115,281 general obligation debt outstanding which was issued for solid waste system purposes which is supported by revenues of the System.

**Solid Waste Collection Rates (Monthly)**

(Residential (Twice Weekly Service)

| Monthly Rate | Effective Date |
|---|---|
| $8.50 | 10-1-91 |
| 9.00 | 4-1-92 (Scheduled increase) |

Commercial
(Effective 10-1-85)

| | |
|---|---|
| 2 yard container with twice a week service | $24.00 per month |
| 3 yard container with twice a week service | $36.00 per month |
| 4 yard container with twice a week service | $48.00 per month |
| 6 yard container with twice a week service | $72.00 per month |
| 8 Yard container with twice a week service | $96.00 per month |
| Extra Pickups for Commercial | $1.50 per yard per pickup |

Landfill Fees
(Effective 10-1-91)

| Size of Vehicle | |
|---|---|
| Pickup, small trailers (1/2 ton or less) | $ 4.25 |
| Bobtail trucks, pickups over 1/2 ton | 12.75 |
| Semitrailers | 21.75 |
| Container trucks and packer trucks: | |
| 20 cubic yards | 42.50 |
| 24 cubic yards | 51.00 |
| 28 cubic yards | 59.50 |
| 30 cubic yards | 63.75 |
| 32 cubic yards | 68.00 |
| 40 cubic yards | 85.00 |

The City may, at its option, supersede the above schedule with a charge per ton of waste of $8.50.

**Billings**

Customers of Lubbock's water, sewer and sanitation systems are billed simultaneously on one statement; if the customers is connected to the City's electric system, electric charges are also included. All customers who do not pay their bill within 22 days of the date it is mailed to them are charged a 5% late payment penalty. If the bill has not been paid on the next billing date, a statement is mailed showing the past due bill together with the current bill. If the bill remains delinquent 7 days after the date of the second statement, a reminder/cut-off notice is mailed. The cut-off notice specifies that service will be discontinued in 7 days if payment in full is not made. At the end of the 7 day period, a field collector calls on the customer and if he is unable to collect payment, service is cut off. The reconnection charge, including electric service if the customers is connected to the City's electric system, is $15.00 before 5:00 PM and $25.00 after 5:00 PM and during weekends and holidays.

**The Golf Course Facilities**

Meadowbrook Golf Course was established in 1954 and is owned and operated by the City as its municipal golf facility. Meadowbrook is a 36-hole golf facility (two 18-hole courses) encompassing approximately 260 acres of irrigated turf and improvements, including a clubhouse, driving range, maintenance barn, cart shed and a maintenance storage facility. Meadowbrook is located in Mackenzie Park, a City-owned regional park. Administration, maintenance and improvements to the land and facilities are the responsibility of the City of Lubbock.

**Condensed Statement of Operations - Golf Enterprise Fund**

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | Budget 9-30-92 | 9-30-91 | 9-30-90 | 9-30-89 | 9-30-88 |
| Operating Revenue | | | | | |
| Operating Revenue | $912,931 | $853,926 | $885,485 | $840,475 | $831,709 |
| Non-Operating Revenue | -0- | (635) | (19,619) | (23,406) | 29,989 |
| Gross Revenue | $912,931 | $853,291 | $865,866 | $817,069 | $861,698 |
| Operating Expense (excluding depreciation) | 747,652 | 795,019 | 856,886 | 743,458 | 767,860 |
| Net Revenues | $165,279 | $ 58,272 | $ 8,980 | $ 73,611 | $ 93,838 |
| Rounds of Golf | N.A. | 67,006 | 69,788 | 66,241 | 65,441 |

Note: The City has no outstanding or authorized Golf Course Facilities Revenue Bonds, however, there is $635,000 general obligation debt outstanding which was issued for golf course facilities which is supported by revenues of the Facilities.

Present daily greens fees are (1) weekdays - $7.00; (2) weekends - $9.00. On April 1, 1992, daily greens fees will change to (1) weekdays - $9.00; (2) weekends - $11.00.

## APPENDIX B

### EXCERPTS FROM THE
### CITY OF LUBBOCK, TEXAS
### COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 1991

The Information contained in this Appendix has been reproduced from the City of Lubbock, Texas Comprehensive Annual Financial Report for the Fiscal Year Ended September 30, 1991. The information presented represents only a part of the Annual Report and does not purport to be a complete statement of the City's financial condition. Reference is made to the complete Comprehensive Annual Financial Report for further information.

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LUBBOCK TEXAS

Coopers & Lybrand | certified public accountants

## INDEPENDENT AUDITOR'S REPORT

The Honorable B. C. McMinn
Mayor of Lubbock
Members of City Council
City of Lubbock, Texas

We have audited the accompanying general purpose financial statements of the City of Lubbock, Texas, as of September 30, 1991, and for the year then ended, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lubbock, Texas, as of September 30, 1991, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lubbock, Texas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Coopers & Lybrand

December 31, 1991
Lubbock, Texas

LUBBOCK TEXAS

# GENERAL PURPOSE FINANCIAL STATEMENTS

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

### September 30, 1991
### With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| **Assets** | | | | | | | | | | | |
| Pooled cash and cash equivalents | $ 2,959,960 | $ 1,754,722 | $ 3,286,286 | $ 27,531,930 | $ 12,505,817 | $ 19,726 | $ 7,012,702 | $ 0 | $ 0 | $ 55,071,143 | $ 46,276,063 |
| Receivables (net, where applicable, of allowance for uncollectibles): | | | | | | | | | | | |
| Taxes, including interest, penalities, and liens | 3,104,501 | 65,476 | 363,930 | 0 | 0 | 0 | 0 | 0 | 0 | 3,533,907 | 3,598,015 |
| Accounts and notes | 966,824 | 441 | 0 | 0 | 6,219,914 | 5,018 | 0 | 0 | 0 | 7,192,197 | 7,634,937 |
| Interest | 268,044 | 1,692 | 79,492 | 34,936 | 17,423 | 0 | 0 | 0 | 0 | 401,589 | 957,136 |
| Due from other funds | 3,782,328 | 4,214 | 25,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,811,542 | 3,775,560 |
| Due from other governments | 106,098 | 0 | 0 | 0 | 336,828 | 0 | 713,985 | 0 | 0 | 1,156,911 | 868,396 |
| Due from other agencies | 30,760 | 0 | 0 | 26,284 | 0 | 0 | 0 | 0 | 0 | 57,044 | 26,869 |
| Prepaid items | 134,970 | 11,001 | 0 | 0 | 82,552 | 0 | 0 | 0 | 0 | 228,523 | 67,906 |
| Advances to other funds | 1,436,383 | 0 | 0 | 0 | 4,076,012 | 0 | 0 | 0 | 0 | 5,512,395 | 3,787,394 |
| Inventory, at average cost | 150 | 0 | 0 | 0 | 566,424 | 3,016,344 | 0 | 0 | 0 | 3,582,918 | 3,220,471 |
| Restricted assets: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 0 | 0 | 0 | 118,732,233 | 5,741,755 | 0 | 0 | 0 | 124,473,988 | 64,467,573 |
| Accounts receivable | 0 | 0 | 0 | 0 | 70,387 | 68,700 | 0 | 0 | 0 | 139,087 | 217,322 |
| Interest receivable | 0 | 0 | 0 | 0 | 142,037 | 3,540 | 0 | 0 | 0 | 145,577 | 504,141 |
| Prepaid insurance | 0 | 0 | 0 | 0 | 0 | 107,184 | 0 | 0 | 0 | 107,184 | 200,681 |
| Deferred charge | 0 | 0 | 0 | 0 | 1,147,462 | 0 | 0 | 0 | 0 | 1,147,462 | 1,143,966 |
| Fixed assets (net of accumulated depreciation) | 0 | 0 | 0 | 0 | 258,024,218 | 3,390,323 | 0 | 183,526,638 | 0 | 444,941,179 | 419,131,060 |
| Other assets (net of accumulated amortization) | 0 | 0 | 0 | 0 | 24,001,923 | 0 | 0 | 0 | 0 | 24,001,923 | 24,389,051 |
| Amount available in Debt Service Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,571,270 | 3,571,270 | 3,973,183 |
| Amount to be provided for retirement of general long-term debt and payment of notes and leases payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 48,696,575 | 48,696,575 | 44,917,449 |
| Total assets | $ 12,790,018 | $ 1,837,546 | $ 3,754,708 | $ 27,593,152 | $ 425,923,230 | $ 12,352,590 | $ 7,726,687 | $ 183,526,638 | $ 52,267,845 | $ 727,772,414 | $ 629,155,173 |

(continued)

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

### September 30, 1991
### With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| **Liabilities** | | | | | | | | | | | |
| Accounts and vouchers payable | $ 1,118,764 | $ 58,386 | $ 4,000 | $ 215,218 | $ 4,562,069 | $ 306,849 | $ 400,586 | $ 0 | $ 0 | $ 6,665,892 | $ 5,267,946 |
| Contracts payable | 0 | 0 | 0 | 1,445,577 | 1,046,642 | 0 | 0 | 0 | 0 | 2,492,219 | 2,545,127 |
| Due to other funds | 0 | 0 | 0 | 25,000 | 2,229,214 | 1,114,000 | 352,328 | 0 | 0 | 3,720,542 | 3,645,560 |
| Due to other governments | 42,897 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 42,897 | 93,402 |
| Accrued general obligation interest | 0 | 0 | 0 | 0 | 1,343,490 | 0 | 0 | 0 | 0 | 1,343,490 | 366,595 |
| Other accrued liabilities | 1,562,610 | 17,394 | 0 | 0 | 624,432 | 86,688 | 8,880 | 0 | 0 | 2,300,004 | 1,790,049 |
| Current portion of general obligation bonds and contruction obligation payable | 0 | 0 | 0 | 0 | 5,411,716 | 0 | 0 | 0 | 0 | 5,411,716 | 4,625,695 |
| Payable from restricted assets: | | | | | | | | | | | |
| Accounts payable | 0 | 0 | 0 | 0 | 575,940 | 278,110 | 0 | 0 | 0 | 854,050 | 1,116,531 |
| Accrued interest | 0 | 0 | 0 | 0 | 1,214,018 | 0 | 0 | 0 | 0 | 1,214,018 | 1,440,773 |
| Accrued insurance claims | 0 | 0 | 0 | 0 | 0 | 1,829,084 | 0 | 0 | 0 | 1,829,084 | 1,014,528 |
| Revenue bonds payable (current portion) | 0 | 0 | 0 | 0 | 4,759,474 | 0 | 0 | 0 | 0 | 4,759,474 | 3,476,898 |
| Customer deposits | 0 | 0 | 0 | 0 | 423,990 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Due to other funds | 0 | 0 | 0 | 0 | 0 | 91,000 | 0 | 0 | 0 | 91,000 | 130,000 |
| Deferred compensation | 0 | 0 | 0 | 0 | 0 | 0 | 6,296,830 | 0 | 0 | 6,296,830 | 5,390,137 |
| Deferred revenues | 217,617 | 171,786 | 179,438 | 0 | 759,627 | 0 | 0 | 0 | 0 | 1,328,468 | 287,884 |
| Advances from other funds | 0 | 0 | 0 | 0 | 2,189,111 | 2,948,284 | 375,000 | 0 | 0 | 5,512,395 | 3,787,394 |
| Advances from other agencies | 0 | 0 | 0 | 0 | 70,000 | 0 | 0 | 0 | 0 | 70,000 | 70,000 |
| Accrued insurance claims | 0 | 0 | 0 | 0 | 0 | 777,090 | 0 | 0 | 0 | 777,090 | 980,522 |
| Notes and leases payable | 0 | 0 | 0 | 0 | 239,578 | 188,797 | 0 | 0 | 2,879,920 | 3,308,295 | 3,427,308 |
| Construction obligation payable | 0 | 0 | 0 | 0 | 25,217,282 | 0 | 0 | 0 | 0 | 25,217,282 | 25,887,465 |
| General obligation bonds (net of current portion) | 0 | 0 | 0 | 0 | 48,597,431 | 0 | 0 | 0 | 42,474,917 | 91,072,348 | 75,162,397 |
| Revenue bonds payable | 0 | 0 | 0 | 0 | 94,689,621 | 0 | 0 | 0 | 0 | 94,689,621 | 52,844,630 |
| Accrued vacation and sick leave | 0 | 0 | 0 | 0 | 2,055,924 | 362,144 | 0 | 0 | 6,662,237 | 9,080,305 | 8,601,524 |
| Arbitrage rebate liability | 0 | 0 | 0 | 0 | 437,878 | 0 | 0 | 0 | 250,771 | 688,649 | 696,790 |
| Total liabilities | $ 2,941,908 | $ 247,566 | $ 183,438 | $ 1,685,795 | $ 198,447,437 | $ 7,982,046 | $ 7,433,624 | $ 0 | $ 52,267,845 | $ 269,189,859 | $ 203,117,089 |

(continued)

See accompanying notes to financial statements

LUBBOCK TEXAS

# CITY OF LUBBOCK, TEXAS

## COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

### September 30, 1991
### With Comparative Totals for September 30, 1990

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust and Agency | General Fixed Assets | General Long-term Debt | 1991 | 1990 |
| Fund Equity and Other Credits | | | | | | | | | | | |
| Contributed capital | $ 0 | $ 0 | $ 0 | $ 0 | $ 111,988,085 | $ 3,094,425 | $ 0 | $ 0 | $ 0 | $ 115,082,510 | $ 112,144,148 |
| Investment in general fixed assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 183,526,638 | 0 | 183,526,638 | 177,016,143 |
| Retained earnings: | | | | | | | | | | | |
| Reserved for capital projects | 0 | 0 | 0 | 0 | 79,588,374 | 0 | 0 | 0 | 0 | 79,588,374 | 30,662,655 |
| Reserved for permanent capital maintenance | 0 | 0 | 0 | 0 | 9,729,581 | 398,510 | 0 | 0 | 0 | 10,128,091 | 6,895,650 |
| Reserved for system improvements | 0 | 0 | 0 | 0 | 6,895,190 | 0 | 0 | 0 | 0 | 6,895,190 | 4,964,276 |
| Reserved for rate stabilization | 0 | 0 | 0 | 0 | 9,977,331 | 0 | 0 | 0 | 0 | 9,977,331 | 4,993,058 |
| Reserved for economic development | 0 | 0 | 0 | 0 | 737,503 | 0 | 0 | 0 | 0 | 737,503 | 525,310 |
| Reserved per bond indentures | 0 | 0 | 0 | 0 | 4,736,909 | 0 | 0 | 0 | 0 | 4,736,909 | 4,117,419 |
| Reserved for self insurance – health | 0 | 0 | 0 | 0 | 0 | 1,562,469 | 0 | 0 | 0 | 1,562,469 | 1,306,459 |
| Reserved for self insurance – other than health | 0 | 0 | 0 | 0 | 0 | 1,758,740 | 0 | 0 | 0 | 1,758,740 | 2,034,723 |
| Reserved for leasing | 0 | 0 | 0 | 0 | 0 | 3,266 | 0 | 0 | 0 | 3,266 | 258,412 |
| Unreserved | 0 | 0 | 0 | 0 | 5,822,820 | (2,446,866) | 0 | 0 | 0 | 3,375,954 | 45,389,651 |
| Fund balances: | | | | | | | | | | | |
| Reserved for inventory | 150 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 150 | 0 |
| Reserved for prepaid items | 134,970 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 134,970 | 47,288 |
| Reserved for operating leases | 0 | 500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 500,000 | 500,000 |
| Reserved for advances to other funds | 1,436,383 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,436,383 | 1,461,382 |
| Reserved for debt service | 0 | 0 | 3,571,270 | 0 | 0 | 0 | 0 | 0 | 0 | 3,571,270 | 3,973,183 |
| Reserved for capital projects | 198,004 | 100,000 | 0 | 25,907,357 | 0 | 0 | 0 | 0 | 0 | 26,205,361 | 20,765,706 |
| Unreserved–designated for subsequent years' expenditures | 0 | 899,776 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 899,776 | 933,148 |
| Unreserved | 8,078,603 | 90,204 | 0 | 0 | 0 | 0 | 293,063 | 0 | 0 | 8,461,870 | 7,929,473 |
| Total retained earnings/ fund balances | 9,848,110 | 1,589,980 | 3,571,270 | 25,907,357 | 117,487,708 | 1,276,119 | 293,063 | 0 | 0 | 159,973,607 | 136,877,793 |
| Total fund equity and other credits | 9,848,110 | 1,589,980 | 3,571,270 | 25,907,357 | 229,475,793 | 4,370,544 | 293,063 | 183,526,638 | 0 | 458,582,756 | 426,038,084 |
| Total liabilities and fund equity and other credits | $ 12,790,018 | $ 1,837,548 | $ 3,754,708 | $ 27,593,152 | $ 425,923,230 | $ 12,352,590 | $ 7,726,687 | $ 183,526,638 | $ 52,267,845 | $ 727,772,414 | $ 629,155,173 |

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

### Year Ended September 30, 1991
### With Comparative Totals for Year Ended September 30, 1990

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) | |
|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | 1991 | 1990 |
| Revenues: | | | | | | | |
| Taxes and special assessments | $ 36,277,205 | $ 1,855,234 | $ 12,795,178 | $ 0 | $ 0 | $ 50,927,617 | $ 50,606,530 |
| Licenses and permits | 768,924 | 0 | 0 | 0 | 0 | 768,924 | 719,979 |
| Intergovernmental | 1,227,449 | 0 | 0 | 0 | 5,682,393 | 6,909,842 | 5,601,153 |
| Charges for services | 2,081,955 | 0 | 0 | 0 | 0 | 2,081,955 | 2,243,428 |
| Fines and forfeits | 2,378,986 | 0 | 0 | 0 | 0 | 2,378,986 | 2,489,471 |
| Contributions | 0 | 0 | 0 | 129,350 | 0 | 129,350 | 560 |
| Miscellaneous | 4,042,185 | 525,255 | 607,273 | 8,087,091 | 271,499 | 13,533,303 | 5,343,716 |
| Total revenues | 46,776,704 | 2,380,489 | 13,402,451 | 8,216,441 | 5,953,892 | 76,729,977 | 67,004,837 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 2,412,645 | 2,033,181 | 0 | 0 | 5,780,446 | 10,226,272 | 9,233,704 |
| Financial services | 1,910,799 | 0 | 0 | 0 | 0 | 1,910,799 | 1,815,589 |
| Management services | 2,579,610 | 0 | 0 | 0 | 0 | 2,579,610 | 2,500,230 |
| Development services | 6,274,866 | 0 | 0 | 0 | 0 | 6,274,866 | 5,831,381 |
| Public safety and services | 42,247,744 | 0 | 0 | 0 | 0 | 42,247,744 | 39,968,470 |
| Non-departmental | 29,532 | 0 | 0 | 0 | 0 | 29,532 | 265,108 |
| Capital outlay | 0 | 129,885 | 0 | 7,558,170 | 142,249 | 7,830,304 | 6,302,938 |
| Debt service: | | | | | | | |
| Principal retirement | 0 | 0 | 3,847,295 | 0 | 0 | 3,847,295 | 3,951,952 |
| Interest and fiscal charges | 0 | 0 | 3,252,666 | 0 | 0 | 3,252,666 | 3,448,684 |
| Collections | 0 | 0 | 86,079 | 0 | 0 | 86,079 | 94,377 |
| Total expenditures | 55,455,196 | 2,163,066 | 7,186,040 | 7,558,170 | 5,922,695 | 78,285,167 | 73,412,433 |
| Excess (deficiency) of revenues over expenditures | (8,678,492) | 217,423 | 6,216,411 | 658,271 | 31,197 | (1,555,190) | (6,407,596) |
| Other financing sources (uses): | | | | | | | |
| Lease proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 265,108 |
| Operating transfers in | 13,890,216 | 4,461 | 0 | 4,812,892 | 252,170 | 18,959,739 | 17,177,829 |
| Operating transfers (out) | (4,642,478) | (89,183) | (6,618,324) | (151,508) | (22,943) | (11,524,436) | (11,327,109) |
| Total other financing sources (uses) | 9,247,738 | (84,722) | (6,618,324) | 4,661,384 | 229,227 | 7,435,303 | 6,115,828 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | 569,246 | 132,701 | (401,913) | 5,319,655 | 260,424 | 5,880,113 | (291,768) |
| Fund balances at beginning of year | 9,343,076 | 1,693,580 | 3,973,183 | 20,587,702 | 32,639 | 35,630,180 | 35,944,917 |
| Residual equity transfer out | (64,212) | (236,301) | 0 | 0 | 0 | (300,813) | (22,969) |
| Fund balances at end of year | $ 9,848,110 | $ 1,589,980 | $ 3,571,270 | $ 25,907,357 | $ 293,063 | $ 41,209,780 | $ 35,630,180 |

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -- BUDGET (GAAP BASIS) AND ACTUAL GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended September 30, 1991

| | General Fund | | | Special Revenue Fund Types | | |
|---|---|---|---|---|---|---|
| | Budget | Actual | Variance – favorable (unfavorable) | Budget | Actual | Variance – favorable (unfavorable) |
| **Revenues:** | | | | | | |
| Taxes | $ 36,100,663 | $ 36,277,205 | $ 176,542 | $ 1,585,006 | $ 1,585,003 | $ (3) |
| Licenses and permits | 687,653 | 768,924 | 81,271 | 0 | 0 | 0 |
| Intergovernmental | 1,274,051 | 1,227,449 | (46,602) | 0 | 0 | 0 |
| Charges for services | 2,093,797 | 2,081,955 | (11,842) | 0 | 0 | 0 |
| Fines and forfeits | 2,433,000 | 2,378,986 | (54,014) | 0 | 0 | 0 |
| Miscellaneous | 3,435,003 | 4,042,185 | 607,182 | 70,348 | 66,818 | (3,530) |
| Total revenues | 46,024,167 | 46,776,704 | 752,537 | 1,655,354 | 1,651,821 | (3,533) |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government | 2,392,004 | 2,412,645 | (20,641) | 1,690,592 | 1,631,562 | 59,030 |
| Financial services | 1,905,487 | 1,910,799 | (5,312) | 0 | 0 | 0 |
| Management services | 2,523,904 | 2,579,610 | (55,706) | 0 | 0 | 0 |
| Development services | 6,496,441 | 6,274,866 | 221,575 | 0 | 0 | 0 |
| Public safety and services | 42,964,152 | 42,247,744 | 716,408 | 0 | 0 | 0 |
| Non-departmental | 0 | 29,532 | (29,532) | 0 | 0 | 0 |
| Total expenditures | 56,281,988 | 55,455,196 | 826,792 | 1,690,592 | 1,631,562 | 59,030 |
| Excess (deficiency) of revenue over expenditures | (10,257,821) | (8,678,492) | 1,579,329 | (35,238) | 20,259 | 55,497 |
| **Other financing sources (uses):** | | | | | | |
| Operating transfers in | 14,240,785 | 13,890,216 | (350,569) | 0 | 0 | 0 |
| Operating transfers (out) | (3,479,744) | (4,642,478) | (1,162,734) | 0 | (89,183) | (89,183) |
| Total other financing sources (uses) | 10,761,041 | 9,247,738 | (1,513,303) | 0 | (89,183) | (89,183) |
| Excess (deficiency) of revenue and other sources over expenditures and other uses | 503,220 | 569,246 | 66,026 | (35,238) | (68,924) | (33,686) |
| Fund balance at beginning of year | 9,343,076 | 9,343,076 | 0 | 317,366 | 317,366 | 0 |
| Residual equity transfer out | (60,540) | (64,212) | (3,672) | 0 | (236,301) | (236,301) |
| Fund balance at end of year | $ 9,785,756 | $ 9,848,110 | $ 62,354 | $ 282,128 | $ 12,141 | $ (269,987) |

See accompanying notes to financial statements

## CITY OF LUBBOCK, TEXAS

### COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY/RETAINED EARNINGS — ALL PROPRIETARY FUND TYPES

Year Ended September 30, 1991
With Comparative Totals for Year Ended September 30, 1990

| | Proprietary Fund Types | | Totals (Memorandum Only) | |
|---|---|---|---|---|
| | Enterprise | Internal Service | 1991 | 1990 |
| Operating revenues: | | | | |
| Charges for service | $ 88,462,751 | $ 19,969,329 | $ 108,432,080 | $ 101,131,783 |
| New taps and reconnects | 244,157 | 0 | 244,157 | 203,760 |
| Effluent water sales | 594,158 | 0 | 594,158 | 561,052 |
| Commodity sales | 613,145 | 0 | 613,145 | 456,332 |
| Landing fees | 615,719 | 0 | 615,719 | 639,634 |
| Parking | 1,233,432 | 0 | 1,233,432 | 1,201,843 |
| Greenfees and memberships | 451,420 | 0 | 451,420 | 420,064 |
| Pro shop sales | 93,934 | 0 | 93,934 | 93,686 |
| Rentals | 2,366,085 | 0 | 2,366,085 | 2,105,305 |
| Concessions | 157,513 | 0 | 157,513 | 235,269 |
| Administrative charges | 0 | 32,872 | 32,872 | 28,694 |
| Total operating revenues | 94,832,314 | 20,002,201 | 114,834,515 | 107,077,422 |
| Operating expenses: | | | | |
| Personal services | 17,591,022 | 3,917,064 | 21,508,086 | 17,826,915 |
| Contractual services | 0 | 1,029,229 | 1,029,229 | 891,893 |
| Insurance | 0 | 9,015,492 | 9,015,492 | 7,787,268 |
| Supplies | 2,695,502 | 169,345 | 2,864,847 | 2,231,656 |
| Materials | 0 | 3,078,997 | 3,078,997 | 2,447,997 |
| Maintenance | 4,848,407 | 679,921 | 5,528,328 | 4,666,076 |
| Uncollectible accounts | 298,234 | 0 | 298,234 | 912,614 |
| Purchase of fuel and power | 24,996,963 | 0 | 24,996,963 | 25,390,191 |
| Collection expense | 309,160 | 0 | 309,160 | 285,624 |
| Other services and charges | 10,660,967 | 1,491,876 | 12,152,843 | 11,615,048 |
| Depreciation | 9,036,010 | 1,017,724 | 10,053,734 | 9,205,741 |
| Total operating expenses | 70,436,265 | 20,399,648 | 90,835,913 | 83,261,023 |
| Operating income (loss) | 24,396,049 | (397,447) | 23,998,602 | 23,816,399 |
| Nonoperating revenues (expenses): | | | | |
| Insurance refunds | 0 | 77,979 | 77,979 | 55,683 |
| Interest | 8,061,625 | 250,711 | 8,312,336 | 5,692,093 |
| Disposition of properties | 51,425 | (542,087) | (490,662) | (141,062) |
| Junk sales | 0 | 45,754 | 45,754 | 66,489 |
| Miscellaneous | 534,915 | 121,942 | 656,857 | 776,641 |
| Interest and fiscal charges | (9,811,129) | (8,841) | (9,819,970) | (9,099,937) |
| Cash grants and reimbursements | 1,571,430 | 0 | 1,571,430 | 1,303,895 |
| Total nonoperating revenues (expenses) | 408,266 | (54,542) | 353,724 | (1,346,198) |
| Income (loss) before operating transfers | 24,804,315 | (451,989) | 24,352,326 | 22,470,201 |
| Transfers: | | | | |
| Operating transfers in | 7,212,666 | 103,318 | 7,315,984 | 8,017,687 |
| Operating transfers (out) | (14,751,287) | 0 | (14,751,287) | (13,868,407) |
| Total transfers in (out) | (7,538,621) | 103,318 | (7,435,303) | (5,850,720) |
| Net income (loss) | 17,265,694 | (348,671) | 16,917,023 | 16,619,481 |
| Depreciation on fixed assets acquired by contributions | 599,191 | 0 | 599,191 | 519,695 |
| Retained earnings at beginning of year | 99,622,823 | 1,624,790 | 101,247,613 | 84,108,437 |
| Retained earnings at end of year | 117,487,708 | 1,276,119 | 118,763,827 | 101,247,613 |
| Contributions at beginning of year | 109,554,537 | 2,589,611 | 112,144,148 | 109,599,317 |
| Capital contributions | 3,032,739 | 504,814 | 3,537,553 | 3,064,526 |
| Depreciation on capital contributions | (599,191) | 0 | (599,191) | (519,695) |
| Contributions at end of year | 111,988,085 | 3,094,425 | 115,082,510 | 112,144,148 |
| Total equity at end of year | $ 229,475,793 | $ 4,370,544 | $ 233,846,337 | $ 213,391,761 |

See accompanying notes to financial statements

# CITY OF LUBBOCK, TEXAS

## COMBINED STATEMENT OF CASH FLOWS – ALL PROPRIETARY FUND TYPES

**Years Ended September 30, 1991**
**With Comparative Totals for Year Ended September 30, 1990**

| | Proprietary Fund Types | | Totals (Memorandum Only) | |
|---|---|---|---|---|
| | Enterprise | Internal Service | 1991 | 1990 |
| Cash flows from operating activities: | | | | |
| Operating income (loss) | $ 24,396,049 | $ (397,447) | $ 23,998,602 | $ 23,813,111 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | |
| Depreciation | 9,036,010 | 1,017,724 | 10,053,734 | 9,205,741 |
| Increase in long-term payables not requiring cash flow | 998,556 | 793,792 | 1,792,348 | 722,888 |
| Other income | 534,915 | 42,077 | 576,992 | 717,994 |
| Change in current assets and liabilities: | | | | |
| Accounts receivable (net) | 435,919 | 101,601 | 537,520 | 2,728,788 |
| Inventory (net) | (75,509) | (286,788) | (362,297) | 133,766 |
| Due from other governments (net) | (1,895,731) | 0 | (1,895,731) | (37,089) |
| Prepaid expenses (net) | (68,868) | 93,497 | 24,629 | (65,810) |
| Accounts payable (net) | 703,347 | (68,682) | 634,665 | (4,243,427) |
| Due to other funds (net) | 474,214 | (470,000) | 4,214 | (2,171,012) |
| Other accrued expenses (net) | 113,568 | 43,757 | 157,325 | (66,542) |
| Sales tax payable (net) | 35,099 | 0 | 35,099 | (147,041) |
| Customer deposits (net) | (23,946) | 0 | (23,946) | (36,939) |
| Deferred revenue | 767,627 | 0 | 767,627 | 0 |
| Net cash provided (used) by operating activities | 35,431,250 | 869,531 | 36,300,781 | 30,554,428 |
| Cash flows from capital and related financing activities: | | | | |
| Payment for gas reserves | (3,496) | 0 | (3,496) | (40,073) |
| Purchase of property, plant and equipment | (41,011,888) | (1,666,553) | (42,678,441) | (45,643,716) |
| Sale of property, plant and equipment | 13,422,056 | 457,447 | 13,879,503 | 17,742,714 |
| Payments on leases | (113,105) | (19,219) | (132,324) | (559,173) |
| Principal paid on revenue bonds | (4,057,433) | 0 | (4,057,433) | (3,321,866) |
| Interest paid on revenue bonds | (5,675,628) | 0 | (5,675,628) | (3,802,753) |
| Issuance of revenue bonds | 47,185,000 | 0 | 47,185,000 | 16,564,996 |
| Principal paid on general obligation bonds | (3,722,953) | 0 | (3,722,953) | (3,915,545) |
| Interest paid on general obligation bonds | (3,367,612) | 0 | (3,367,612) | (5,330,742) |
| Issuance of general obligation bonds | 17,145,000 | 0 | 17,145,000 | 0 |
| Principal paid on long-term debt | (53,756) | 0 | (53,756) | (588,312) |
| Interest paid on long-term debt | (17,749) | (8,841) | (26,590) | (126,911) |
| Proceeds from long-term debt | 0 | 0 | 0 | 135,035 |
| Payment on advance from general fund | (25,000) | 0 | (25,000) | (25,000) |
| Receipts from building rent | 0 | 79,865 | 79,865 | 37,943 |
| Contributed capital | 2,699,499 | 504,814 | 3,204,313 | 2,923,960 |
| Net cash used for capital and related financing activities | 22,402,935 | (652,487) | 21,750,448 | (25,949,443) |
| Cash flows from noncapital and related financing activities: | | | | |
| Operating transfers in from other funds | 7,212,666 | 103,318 | 7,315,984 | 8,017,687 |
| Operating transfers out to other funds | (14,751,287) | 0 | (14,751,287) | (13,868,407) |
| Insurance refunds | 0 | 77,979 | 77,979 | 55,683 |
| Advance from other funds | 0 | 1 | 1 | 2,326,013 |
| Cash grants and reimbursements | 1,571,430 | 0 | 1,571,430 | 1,303,895 |
| Net cash provided (used) by noncapital and related financing activities | (5,967,191) | 181,298 | (5,785,893) | (2,165,129) |
| Cash flows from investing activities: | | | | |
| Interest earnings on cash and investments | 8,532,854 | 288,647 | 8,821,501 | 5,687,306 |
| Net cash provided (used) by investing activities | 8,532,854 | 288,647 | 8,821,501 | 5,687,306 |
| Net increase (decrease) in pooled cash and cash equivalents | 60,399,848 | 686,989 | 61,086,837 | 8,127,162 |
| Pooled cash and cash equivalents at beginning of year | 70,838,202 | 5,074,492 | 75,912,694 | 67,785,532 |
| Pooled cash and cash equivalents at end of year | $ 131,238,050 | $ 5,761,481 | $ 136,999,531 | $ 75,912,694 |

Non-cash investing, capital and financing activities:

A capital lease obligation of $278,961 was incurred in October when the City entered into a lease of new equipment for the Solid Waste fund.

Electric revenue bonds in the amount of $9,424,963 were issued to advance refund a portion of the 1982 and 1984 electric revenue bonds.

See accompanying notes to financial statements.

CITY OF LUBBOCK

Notes to Combined Financial Statements
September 30, 1991

CITY OF LUBBOCK

Notes to Combined Financial Statements
September 30, 1991

LUBBOCK TEXAS

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## I. Summary of Significant Accounting Policies

The accounting policies of the City of Lubbock, Lubbock County, Texas (City), conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Government Accounting Standards Boards (GASB) is the acknowledged governing body for establishing governmental accounting and financial reporting principles. The following represent the more significant accounting and reporting policies and practices of the City.

### A. Reporting Entity

For financial reporting purposes, the City of Lubbock includes all funds, account groups, agencies, boards and authorities over which the City Council exercises oversight responsibility. Oversight responsibility, as defined by the National Council on Governmental Accounting (NCGA), Statement 3, Defining the Governmental Reporting Entity, was determined on the City's ability to significantly influence operations, select the governing authority, participate in fiscal management and scope of public service. On this basis the reporting entity of the City of Lubbock includes all City agencies, departments and units over which the City Council has direct statutory authority and several not directly subordinate to the City.

Those entities which have been included within the City's financial statements and those which have been excluded along with the criteria used in making this determination are as follows:

Organizations included in the City's Comprehensive Annual Report:

**Board of City Development (BCD)** - The City Council appoints a fifteen member Board to oversee the responsibility of economic development in Lubbock, Texas. Operations are accounted for as a Special Revenue Fund.

**Center for Innovation (CFI)** - Operated by the BCD to offer a combination of services, support and space to facilitate a smooth start-up for new businesses. All activity is reflected as an Enterprise Fund.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

# I. Summary of Significant Accounting Policies

## A. Reporting Entity

**Urban Renewal Agency of the City of Lubbock** - The Mayor, with the consent of the City Council, is empowered by law to appoint a nine member Board of Commissioners to govern operations. The Agency is funded by appropriations from the City's Community Development Block Grant, and financial activity is included in the Community Development Expendable Trust Fund.

**Civic Lubbock, Inc.** - The fifteen member board is appointed by City Council with the Secretary and Treasurer from City staff. The corporate purpose is to promote cultural and educational usage of the Civic Center and Coliseum. Operations are accounted for as an Enterprise Fund.

**Lubbock Visitors and Convention Bureau** - The Bureau is operated by the Lubbock Chamber of Commerce to promote the City as a convention center and facilitate tourism. Financial activity of the Bureau is reflected in the Special Revenue Funds of Convention and Tourism and Convention Incentive.

**Canadian River Municipal Water Authority (CRMWA)** - In 1953 the Texas Legislature established a Conservation and Reclamation District to construct a dam, water reservoir and aqueduct system for the purpose of supplying surface water to surrounding cities. Financial activity related to tangible water rights and associated debt are found in the Water Utilities Enterprise Fund.

**Brazos River Authority (BRA)** - In 1989 the City entered into an agreement to construct and operate a dam and reservoir system on the South Fork of the Double Mountain Fork of the Brazos River to provide a long-term surface water supply for Lubbock. The City has an unconditional obligation for debt service. Operations are accounted for in the Water Utilities Enterprise Fund.

**Citibus** - In 1988 the City entered into a 5 year management agreement with McDonald Transit Associates, Inc. to manage and operate a city owned transportation system. All financial activity is reflected in the Citibus Enterprise Fund.

I. **Summary of Significant Accounting Policies**

Organizations excluded from the City's Comprehensive Annual Report:

**The Housing Authority of the City of Lubbock** - The Authority's operating and capital expenditures, including debt service, are financed entirely from federal grants and rentals. The City has no involvement in the determination of the Authority's outstanding debt. The governing board is approved by City Council.

**Firemen's Relief and Retirement Fund** - This fund operates under provisions of the Firemen's Relief and Retirement Laws of the State of Texas for purposes of providing retirement benefits for the City's firemen. Its affairs are governed by the Mayor's designee, the Assistant City Manager for Financial Services, three firefighters elected by members of the City's Fire Department and two taxpayers elected by the Board. It is funded by contributions from the firefighters and matched by contributions from the City.

As provided by enabling legislation, the City's responsibility to the Fund is limited to matching monthly contributions made by the members. Title to assets is vested in the fund and not in the City. The State Firemen's Pension Commission exercises general oversight authority over the Fund; thus the City of Lubbock does not significantly influence operations.

**Lubbock Cultural Affairs Council** - The Council is dedicated to the promotion and improvement of the Arts and sponsoring the Annual Lubbock Arts Festival. One of the Council's several funding sources is the City's Special Revenue Arts and Related Items Fund. The governing board is approved by the Chamber of Commerce Board of Directors. The City of Lubbock does not exercise significant influence over management or influence the scope of public service for the Council.

## I. Summary of Significant Accounting Policies

### B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Each fund is accounted for with a self-balancing set of accounts recording cash and other financial resources, liabilities and residual equities or balances. Fund accounting is designed to demonstrate certain objectives in accordance with regulations, restrictions or management limitations.

The various funds are classified into three categories: governmental, proprietary and fiduciary. Each category is composed of its associated fund types. There are seven distinct fund types.

**Governmental Fund Types**

**General Fund** - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - These funds are used to account for revenues derived from specific taxes, governmental grants, or other revenue sources which are designated to finance particular functions or activities of the City. Special revenue funds include:

- **Hotel Tax Reserve Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the acquisition, construction, improvement, enlarging, equipping, repairing, operating, and maintenance of capital projects related to the tourism and convention industry.

- **Arts and Related Items Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the promotion of the arts.

- **Convention and Tourism Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the promotion of tourism and conventions.

I. **Summary of Significant Accounting Policies**

- **Convention Incentive Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically for the promotion of conventions.

- **Special Projects for Promotion Fund** - To account for a portion of the hotel-motel occupancy tax allocated specifically to the support of special promotional projects and other expenditures authorized by the City Council.

- **Criminal Investigation Fund** - To account for the allocation of revenues derived from court ordered forfeitures of monies to criminal investigations and related activities.

- **Lubbock Board of City Development Fund** - To account for a portion of tax revenues to support the work of the Board of City Development.

- **Tax Increment Fund** - To account for incremental tax funds dedicated to the development of a specified central district.

**Debt Service Fund**

The fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by enterprise funds. Ad valorem taxes, interest earned on the investments of the Debt Service Fund and Hotel/Motel Tax Revenues are used for the payment of principal, interest, and commissions to fiscal agents on the City's general obligation bonds, which are recorded in the General Long-term Debt Account Group.

**Capital Project Funds**

The Capital Projects Funds account for all capital improvements, except for those accounted for in proprietary funds, which are financed by the City's general obligation bond issues, certain sales taxes, certain Federal grants and other specific receipts. These funds include:

I. **Summary of Significant Accounting Policies**

B. **Basis of Presentation - Fund Accounting**

**Capital Project Funds**

- **Fire Station Buildings Fund** - To account for the financing and construction of fire station buildings including acquisition of land.

- **Park Improvements Fund** - To account for the financing and construction of park improvements.

- **Canyon Lakes Project Fund** - To account for the financing and improvements to the Canyon Lakes Project.

- **Street Improvements Fund** - To account for the financing and construction of streets and alleys financed primarily by bond issues and property owner participation.

- **Permanent Street Maintenance Fund** - To account for the financing and reconstruction of public streets, thoroughfares and public ways.

- **Storm Sewer and Drainage Fund** - To account for the financing and construction of storm sewer and drainage improvement.

- **General Permanent Capital Projects Fund** - To account for the financing and expenditures related to the purchase and/or construction of municipal buildings and equipment.

- **General Permanent Capital Maintenance Fund** - To account for the maintenance, repair or replacement of major components of all public buildings and public facilities owned by the City.

**Proprietary Fund Types**

**Enterprise Funds**

The Enterprise Funds are used to account for the operations of the City which are financed and operated in a manner similar to private business enterprises, where the intent is to provide goods or services to the general public on a continuing basis, the cost of which is to be recovered in whole or part through user charges. These funds include:

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

I. **Summary of Significant Accounting Policies**

- **Electric Fund** - Established to account for the City's electric utility, Lubbock Power & Light.
- **Water Fund** - A fund established to account for the operations of the water system of the City.
- **Sewer Fund** - Established to account for the City's waste water utility.
- **Solid Waste Fund** - A fund created to account for a system of collection, transportation and disposal of solid waste.
- **Airport Fund** - Established to account for Lubbock International Airport activities and facilities.
- **Golf Course Fund** - Established to account for operations and maintenance of the City's Meadowbrook 36 hole golf course.
- **Civic Lubbock, Inc.** - Established to account for the promotion of the cultural and educational use of the Civic Center/Coliseum facility.
- **Citibus Fund** - A fund established to account for public transportation systems and facilities.
- **Center for Innovation** - Established to account for the support services offered to new businesses.

**Internal Service Fund**

The Internal Service Fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City, or to other governments, on a user charge basis. This fund is comprised of several operations, as follows:

- **Garage Operations** - Established to account for the vehicle service operations.
- **Warehouse Operations** - Established to account for the central warehouse operations.

I. **Summary of Significant Accounting Policies**

B. **Basis of Presentation - Fund Accounting**

**Internal Service Fund**

- **Print Shop and Office Stores** - Established to account for the printing services and central office supply provided to City departments.
- **Radio Shop Operations** - Established to account for the mobile telephone and radio shop operations.
- **Employees Lunchroom Operations** - Established to account for the two lunchroom facilities provided for employees.
- **Self Insurance Operations** - Established to account for the self insurance general liability, health claims and worker's compensation liability.
- **Management Information Services** - Established to account for the data processing services provided to the City departments and other governmental agencies.
- **Leasing Operations** - Established to account for various leases within the City.
- **Building Services** - Established to account for all City building services.
- **Communication Services** - Established to account for communication services provided to City departments.

**Fiduciary Fund Types**

Transactions related to assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds, are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

## I. Summary of Significant Accounting Policies

### Expendable Trust Funds

These funds account for assets received and expended by the City as trustee in essentially the same manner as government funds. The funds include:

- **Community Development Fund** - To account for the receipt and disbursement of Community Development Block Grant funds from the United States Department of Housing & Urban Development.

- **Community Services Fund** - To account for the receipt and disbursement of funds received from the Texas Department of Human Resources, Texas Department of Community Affairs and United States Department of Energy.

- **Library Fund** - To account for the receipt and disbursement of funds received from the Texas State Library and Archives Commission and United States Department of Education.

- **Health Services Fund** - To account for the receipt and disbursement of funds received from the Texas Department of Health and United States Department of Health and Human Services.

- **Police Fund** - To account for the receipt and disbursement of funds received from the State Department of Highways and Public Transportation, the Office of the Governor, Criminal Justice Division and United States Department of Justice.

- **Other Grant Funds** - To account for the receipt and disbursement of funds received from the Texas State Department of Highways, Texas Historical Commission, United States Department of Transportation, United States Department of the Interior, Texas Department of Human Services and South Plains Association of Governments (SPAG).

# I. Summary of Significant Accounting Policies

## B. Basis of Presentation - Fund Accounting

### Agency Funds

These funds are used to account for assets held by the City as a custodial trustee and do not involve measurement of results of operations.

- **Living Memorial Fund** - To account for assets held by the City as an agent for individuals and private organizations.
- **Deferred Compensation Fund** - To account for assets held by the City pursuant to an employees deferred compensation plan.

### Account Groups

**General Fixed Assets Account Group**
This account group represents a summary of the fixed assets of the City, other than those fixed assets reported in the Proprietary Funds. Capital expenditures of the Capital Projects Fund are the primary source from which the detailed records of the general fixed assets account group are developed. Capital expenditures are carried in this account group as construction work in progress until the projects are completed and are then capitalized by function and classification.

Infrastructure fixed assets such as streets, highways, bridges, sidewalks, street lighting, traffic poles and signals, and storm sewers, are reported in the Schedule of General Fixed Assets.

General Fixed Assets are not depreciated and are recorded at historical cost at the time of acquisition. Donated assets are recorded at their fair market value on the date donated. General Fixed Assets in the amount of $1,610,654 were removed as a result of physical inventories taken during the year.

In 1991 the City changed its capitalization policy to capitalize assets valued at $1,000 or more with expected useful lives of three years or more. General Fixed Assets in the amount of $2,964,924 were removed as a result of this change in the City's policy.

## I. Summary of Significant Accounting Policies

**General Long-Term Debt Account Group**
The General long-term debt group of accounts is used to account for the City's liability for general long-term debt presently consisting of general obligation bonds, long-term notes payable, long-term leases, and obligations for employee vacation, sick-leave benefits, insurance claims and arbitrage liability, other than those reported in the Proprietary Funds.

### C. Basis of Accounting

The modified accrual basis of accounting and the flow of current financial resources is followed for the governmental fund types, special revenue funds, debt service funds, capital project funds, and expendable trust funds. Under this basis of accounting, expenditures, other than interest on long-term debt in the Debt Service Fund which is recorded when due, are recorded when the liability is incurred. Revenues are recorded when received in cash unless susceptible to accrual. Revenues under the modified accrual basis must be both measurable and available to finance current year appropriations. Revenues considered to be susceptible to accrual under the modified accrual basis are property and sales taxes, certain grant revenue and investment income. The accrual basis of accounting and the flow of economic resources is followed in the enterprise funds and internal service funds. Under this method of accounting, revenues are recognized when earned and expenses are recorded when a liability is incurred.

Governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. Under the current financial resources measurement focus only current assets and current liabilities are included on the balance sheet. Net current assets or fund balance is considered a measure of available spendable resources. The flow of financial resources measurement focus is concerned primarily with the measure of interperiod equity - whether current-year revenues were sufficient to pay for current-year services.

## I. Summary of Significant Accounting Policies

### C. Basis of Accounting

Enterprise funds and internal service funds are accounted for using an economic resource measurement focus. All assets and liabilities including fixed assets and long term debt are included on the balance sheet. Fund equity is segregated into its contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

### D. Budgetary Accounting

Annually, the City Manager submits to City Council a proposed operating budget for the upcoming fiscal year. A budget is prepared for the General Fund, Convention and Tourism Special Revenue Fund, and the Lubbock Board of City Development Special Revenue Fund. Appropriations for budgeted Funds lapse at year end. Public hearings are conducted to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance by City Council.

The City Manager is authorized to transfer budgeted amounts between departments and funds. Expenditures may not legally exceed budgeted appropriations at the fund level.

Budgeted amounts shown are from the amended budget, dated August 22, 1991. The original budget was adopted on August 23, 1990. During the year, supplementary appropriations totaled 1.3% of the original budget.

### E. Encumbrances

At the end of the year, encumbrances for which goods and/or services have not been received are cancelled. At the beginning of the next year, prior year encumbrances and related appropriations are re-established through a budget amendment. Re-established encumbrances at September 30, 1991 were $720,562.

I. **Summary of Significant Accounting Policies**

F. **Assets, Liabilities and Fund Equity**

- **Equity in Pooled Cash and Investments**
  A pooled cash concept is used in maintaining the cash and investment accounts in the accounting records. Under this method, cash is pooled for investment purposes and each fund has an equity in the pooled amount and earnings therefrom. The City's policy is to hold investments until maturity unless a gain can be realized from disposition.

- **Property Taxes**
  Property taxes are assessed and liens attach on valuations as of January 1, levied on October 1 of each year, and become delinquent February 1 of the following year.

  Uncollected taxes, net of the estimated uncollectible amount, are recorded as receivables in the General, Special Revenue and Debt Service Funds. Deferred revenue is recorded in an amount equal to net delinquent taxes receivable, less taxes collected within 60 days after the end of the fiscal year.

- **Enterprise Fund Receivables**
  Within the Electric, Water, Sewer and Solid Waste Enterprise Funds, an amount has been recorded for services rendered but not billed as of the close of the fiscal year. Amounts billed are reflected as receivables net of an allowance for uncollectibles.

- **Inventories**
  Inventories in the Governmental and Proprietary Fund Types consist of expendable supplies held for consumption. Inventories are valued at cost using the average cost method of valuation. Both Governmental and Proprietary Fund Types use the consumption method of accounting, i.e., inventory is expensed when used rather than when purchased. Inventories recorded in the Governmental Fund Types are offset by a fund balance reserve which indicates they do not represent "available spendable resources" even though they are a component of net current assets.

I. **Summary of Significant Accounting Policies**

F. **Assets, Liabilities and Fund Equity**

- **Prepaid Expenses**
  Prepaid expenses in the Special Revenue Funds are accounted for under the consumption method.

- **Restricted Assets**
  Certain enterprise fund assets are restricted for construction which is funded through long-term debt and, therefore, retained earnings have not been reserved for these amounts. The excess of assets over certain liabilities restricted for the payment of debt service are included as restricted retained earnings.

- **Fixed Assets and Depreciation**
  Property, plant and equipment of the Proprietary Funds are stated at cost or estimated market value for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | |
|---|---|
| Improvements | 10-50 yrs |
| Buildings | 15-50 yrs |
| Equipment | 3-15 yrs |

- **Interest Capitalization**
  The City capitalizes interest cost in its Enterprise Funds on bonds used for fixed asset construction, net of interest income earned on the temporary investment of the tax exempt bond proceeds. Interest costs incurred during the year were $12,862,170 of which $40,488 has been capitalized.

- **Advance to Other Funds**
  Amounts owed to one fund by another which are not due within one year are recorded as advances to other funds. These are equally offset by a fund balance reserve amount which indicates they do not constitute available spendable resources.

- **Liability for Incurred Claims**
  The liability for incurred claims represents estimates for medical and dental claims incurred as of September 30, 1991. Some of these claims were reported at September 30, 1991 and others may not be reported until a later date. This amount is actuarially determined by the City's independent insurance administrator.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

I. **Summary of Significant Accounting Policies**

G. **Risk Management**

The City's self insured Worker's Compensation program is on a cash flow basis, which means that the service contractor processes, adjusts and pays claims from a deposit provided by the City. The City accounts for the Worker's Compensation program in the Insurance Fund (an Internal Service Fund) by charging premiums based upon losses, administrative fees and reserve requirements.

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Additionally, Property and Boiler Coverage is accounted for in the Insurance Fund. The property insurance policy was purchased from an outside insurance carrier. The policy has a $250,000 deductible per occurrence and the boiler coverage insurance deductible is $2,500 to $100,000 dependent upon the unit. Premiums are charged to funds based upon policy premiums and reserve payments.

Other small insurance policies, such as surety bond coverage and miscellaneous floaters, are accounted for in the Insurance Fund. Funds are charged expenditures based on premium amounts and administrative charges. Fund Balance of the Insurance Fund is reserved for payment of catastrophic losses. The City has had no significant reductions in insurance coverage during the year. Settlements in the current year and preceding two years have not exceeded insurance coverage.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

# I. Summary of Significant Accounting Policies

## H. Revenues, Expenses and Expenditures

- **Sales Tax Revenue**
  The City has a 1% sales tax levy which is collected by the State of Texas and remitted to the City monthly. The tax is collected by the vendor and required to be remitted to the State by the 20th of the month following collection. The tax is then paid to the City by the 10th of the next month. A two month lag exists between collection by the vendor and payment to the City by the State.

- **Grant Revenue**
  Revenues from federal and state grants are recognized when susceptible to accrual under the modified accrual basis of accounting.

- **Interfund Transactions**
  Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

  Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions except quasi-external transactions, reimburse-ments and residual equity transfers are reported as operating transfers.

- **Compensated Absences**
  Vacation leave of 10-20 days is granted to all regular employees dependent upon the date employed, years of service and Civil Service status. Accumulated vacation leave vests and the City is obligated to make payment upon retirement or termination.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## I. Summary of Significant Accounting Policies

Sick leave for employees is accrued at 1 1/4 days per month with unlimited accrual status. After 15 years of continuous full time service, sick leave is paid on retirement or termination at the current hourly rate for up to 90 days for non-Civil Service personnel. Civil Service personnel are paid for up to 90 days accrued sick leave after 1 year of employment. The Texas Civil Service laws dictate certain benefits and personnel policies above and beyond those policies of the City.

Liability for the accumulated vacation and sick leave is recorded in general long term debt for Governmental fund employees and as a noncurrent liability for Proprietary fund employees. Employees are not obligated to use sick leave in the year it is earned and sick leave not used will not require the use of currently available resources.

**Post Employment Benefits**
Retirees of the City of Lubbock may purchase optional health and life insurance benefits at their own expense. Amounts to cover premiums and administrative costs with an incremental charge for reserve funding are determined by the City's health care administrator. Financial activity is reported in the Health Insurance Internal Service Fund.

The following schedule reflects participation in the City's health care program.

| | 1991 |
|---|---|
| Participants | |
| Active | 1,817 |
| Retired | 249 |
| Cobra | 8 |
| Active Claims | $3,505,466 |
| Retired Claims | 916,160 |
| Cobra Claims | 23,046 |
| Total Claims | $4,444,672 |
| % of Active Payroll | |
| Active | 7.10% |
| Retired | 1.86% |
| Cobra | .05% |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## I. Summary of Significant Accounting Policies

### I. Total Memorandum Only

The "Total Memorandum Only" columns represent an aggregation of the combined financial statements and does not represent consolidated financial information. Data in those columns do not present financial position and results of operations, in conformity with Generally Accepted Accounting Principles and are presented only to facilitate financial analysis.

### J. Reclassification

Certain 1990 amounts have been reclassified to conform to 1991 presentation.

## II. Stewardship, Compliance and Accountability

### A. Retained Earnings/Fund Balance Deficits

- The deficit of $1,553,024 in the Airport Enterprise Fund results from the practice of not funding depreciation. Debt service for the airport improvements is funded by property taxes and was never intended to be funded by airport revenues.

- The deficit in the Golf Enterprise Fund of $516,950 is the result of placing itself in a more competitive position through non-capital course equipment improvements. It is anticipated that increased usage by the general public will result in additional revenues.

- The deficit in the Center for Innovation Enterprise Fund of $14,656 will be eliminated by increased rentals of office space.

No other funds of the City had deficits in either fund balances or retained earnings.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## II. Stewardship, Compliance and Accountability

### B. Budget Reconciliation

Budgets were adopted for the Convention and Tourism Special Revenue Fund and the Lubbock Board of City Development Special Revenue Fund. Following is a reconciliation of the budget and actual results for those Special Revenue Funds that did not have legally adopted budgets.

| | | Special Revenue Funds |
|---|---|---|
| Excess of revenues and other financing sources over/under expenditures and other financing sources | (Actual) | $ 132,701 |
| Adjustment for unbudgeted funds | | (201,625) |
| Excess of revenues and other financing sources over/under expenditures and other financing uses | (Budget) | $( 68,924) |

## III. Detail Notes on all Funds and Account Groups

### A. Cash and Investments

- **Cash Equivalents**
  Pooled cash, which includes demand deposits and all investments, are considered to be cash and cash equivalents.

- **Equity in Pooled Cash and Investments**
  The following is a schedule of the City's pooled and non-pooled cash and investments at September 30, 1991 categorized by risk:

## III. Detail Notes on All Funds and Account Groups

### A. Cash and Investments

| Investments | Category (1) | Category (2) | Category (3) | Carrying Amount | Market Value |
|---|---|---|---|---|---|
| U.S. Treasury and Agency Obligations | $ 84,157,826 | | | $ 84,157,826 | $ 85,282,989 |
| Mortgage Backed Securities | 977,053 | | | 997,053 | 1,039,549 |
| Repurchase Agreements | 75,000,000 | | | 75,000,000 | 76,713,760 |
| | $160,134,879 | | | $160,134,879 | $163,036,298 |
| Mutual Funds | | | | 6,296,830 | 6,296,830 |
| Total Investments | | | | $166,431,709 | $169,333,128 |

| Cash and Bank Deposits | Category (A) | Category (B) | Category (C) | Bank Balance | Carrying Amount |
|---|---|---|---|---|---|
| Cash and Bank Deposits | $424,947 | $12,316,882 | $371,593 | $ 14,340,283 | $ 13,113,422 |
| Total Cash and Bank Deposits | | | | $ 14,340,283 | $ 13,113,422 |

Cash and Investments are reported in the financial statement as:

| | |
|---|---|
| Cash and Investments - Restricted | $124,473,988 |
| Cash and Investments - Non-Restricted | 55,071,143 |
| | $179,545,131 |

(1) Insured or registered or securities held by the entity or its agent in the entity's name.
(2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
(3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the entity's name.
(A) Insured or collateralized with securities held by the entity or its agent in the entity's name.
(B) Collaterized with securities held by the pledging financial institution's trust department or agent in the entity's name.
(C) Uncollateralized.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### B. Interfund Transactions

Interfund receivables and payables at September 30, 1991 were as follows:

| | Interfund Receivables | Interfund Payables |
|---|---|---|
| General Fund | $5,218,711 | $ 0 |
| Special Revenue Fund: | | |
| Lubbock Board of City Development | 4,214 | 0 |
| Debt Service Funds: | | |
| Debt Service - City Hall Expansion | 25,000 | 0 |
| Capital Projects Fund: | | |
| General Permanent Capital Projects Fund | 0 | 25,000 |
| Enterprise Funds: | | |
| Electric Enterprise Fund | 1,765,513 | 0 |
| Water Enterprise Fund | 2,310,499 | 0 |
| Sewer Enterprise Fund | 0 | 1,750,000 |
| Solid Waste Enterprise Fund | 0 | 1,547,600 |
| Golf Enterprise Fund | 0 | 791,511 |
| Airport Enterprise Fund | 0 | 325,000 |
| Center for Innovation Fund | 0 | 4,214 |
| Internal Service Fund | 0 | 4,153,284 |
| Expendable Trust Funds: | | |
| Community Development Fund | 0 | 375,000 |
| Other Grants | 0 | 352,328 |
| Total | $9,323,937 | $9,323,937 |

Interfund residual equity transfers for the year ended September 30, 1991 were as follows:

A residual equity transfer from the General Fund in the amount of $64,212 is included in additions to contributed capital of Citibus Enterprise Fund, and a residual equity transfer from the BCD in the amount of $236,301 is included in addition to contributed capital of the CFI Enterprise Fund. In addition, a residual equity transfer of $16,144 was made from the General Fixed Assets Account Group to the CFI Enterprise Fund.

### C. Deferred Charge

The deferred charge of $1,147,462 in the Electric Utility Enterprise Fund represents prepayment for future delivery of natural gas as contracted for by the City. In 1988 a contract was entered into for the purchase of proven and unproven reserves, totalling 2,000,000 MMBTU at $1.56 per MMBTU. At that date, proven reserves of 338,000 MMBTU were purchased at the rate of $1.56 per MMBTU. The remaining unproven reserves are being purchased as proven. One half the above rate, or $.78 per MMBTU, is paid upon determination of the reserves and the balance is to be paid upon delivery. The prepayments are to be expensed as the gas is taken until the prepaid units of gas have been consumed. At September 30, 1991 1,023,553 MMBTU's had been delivered and remaining proven reserves were 1,471,105 MMBTU's.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### D. Property, Plant and Equipment

General fixed assets of the City for the year ended September 30, 1991, are as follows:

| | Balance 10-01-90 | Additions | Deletions | Balance 9-30-91 |
|---|---|---|---|---|
| Land | $ 8,321,099 | $ 397,825 | $ 107,513 | $ 8,611,411 |
| Buildings | 30,719,030 | 1,048,924 | 520,670 | 31,247,284 |
| Improvements other than buildings | 105,704,458 | 2,302,432 | 853,220 | 107,153,670 |
| Equipment | 21,966,408 | 5,407,729 | 5,056,721 | 22,317,416 |
| Construction in progress | 10,305,148 | 7,558,170 | 3,666,461 | 14,196,857 |
| Total | $177,016,143 | $16,715,080 | $10,204,585 | $183,526,638 |

Construction in progress is composed of the following:

| | Project Authorization | Expended to September 30, 1991 | Committed |
|---|---|---|---|
| Fire Station | $ 491,400 | $ 483,754 | $ 7,646 |
| Park Improvements | 629,794 | 483,726 | 146,068 |
| Street Improvements | 26,651,246 | 6,912,564 | 19,738,682 |
| Permanent Street Maintenance | 1,280,000 | 1,157,679 | 122,321 |
| Storm Sewer and Drainage | 320,000 | 76,992 | 243,008 |
| General Permanent Capital Projects | 6,716,900 | 2,149,292 | 4,567,608 |
| General Permanent Capital Maintenance | 5,789,464 | 2,932,850 | 2,856,614 |
| Total Life-to-Date Activity | $ 41,878,804 | $ 14,196,857 | $ 27,681,947 |
| Total Current Year Activity | $ 17,285,923 | $ 7,558,170 | $ 9,727,753 |

## III. Detail Notes on all Funds and Account Groups

A summary of proprietary fund type property, plant, and equipment at September 30, 1991 follows:

| | Enterprise | Internal Service |
|---|---|---|
| Land | $ 14,559,333 | $ 5,839 |
| Buildings | 32,958,427 | 1,168,821 |
| Improvements other than buildings | 238,948,597 | 197,469 |
| Equipment | 28,640,379 | 6,248,755 |
| Construction in progress | 73,434,225 | 476,955 |
| Total | 388,540,961 | 8,097,839 |
| Less Accumulated depreciation | 130,516,743 | 4,707,516 |
| Total | $ 258,024,218 | $ 3,390,323 |

### E. Retirement Plans

Each qualified employee is included in one of two retirement plans in which the City of Lubbock participates. These are the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund. The City does not maintain the accounting records, hold the investments or administer either fund.

Summary of significant data for each retirement plan follows:

III. Detail Notes on all Funds and Account Groups

E. Retirement Plans

- Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees with the exception of firefighters through a nontraditional, joint contributory , defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS), one of over 570 administered by TMRS, an agent multiple-employer public employee retirement system. It is the opinion of the TMRS management that the plans in TMRS are substantially defined contribution plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the city-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average effective rate. At retirement, the benefit is calculated as if the sum of the employees's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

## III. Detail Notes on all Funds and Account Groups

Members can retire at ages 60 and above with 10 or more years of service or with 25 years of service regardless of age. The plan also provides death and disability benefits. A member is vested after 10 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

The contribution rate for the employees is 6%, and the City matching percent is currently 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the City contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period.

# III. Detail Notes on all Funds and Account Groups

## E. Retirement Plans

- **Texas Municipal Retirement System**

Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January, 1991. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to be aware of its contribution rate in advance in order to budget for it, there a one-year lag between the actuarial evaluation that is the basis for the rate and the calendar year when the rate goes into effect.

The City's total payroll in fiscal year 1991 was $49,364,345, and the City's contributions were based on a payroll of $37,474,683. Both the City and the covered employees made the required contributions, amounting to $4,242,319 (9.47% of covered payroll for the months in calendar year 1990, 6.49% normal cost plus 2.98% to amortize the unfunded actuarial liability, and 11.31% for the months in calendar year 1991, 7.79% normal cost plus 3.52% to amortize the unfunded actuarial liability) for the City and $2,248,481 (6%) for the employees. The City adopted changes in the plan since the previous actuarial valuation, which had the effect of increasing the City's contribution rate for 1991 by 1.80% of payroll. There were no related-party transactions.

## III. Detail Notes on all Funds and Account Groups

### Funding Status and Progress

Even though the substance of the City's plan is not to provide a defined benefit in some form, some additional voluntary disclosure is appropriate due to the nontraditional nature of the defined contribution plan which had an initial unfunded pension benefit obligation due to the monetary credits granted by the City for services rendered before the plan began and which can have additions to the unfunded pension benefit obligation through the periodic adoption of increases in benefit credits and benefits. Statement No. 5 of the Governmental Accounting Standards Board (GASB 5) defined pension benefit obligation as a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of public employee pension plans, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee pension plans.

The pension benefit obligation shown below is similar in nature to the standardized disclosure measure required by GASB 5 for defined benefit plans except that there is no need to project salary increases since the benefit credits earned for service to date are not dependent upon future salaries. The calculations were made as part of the annual actuarial valuation as of December 31, 1990. Because of the money-purchase nature of the plan, the interest rate assumption, currently 8.5% per year, does not have as much impact on the results as it does for a defined benefit plan. Market value of assets is not determined for each city's plan, but the market value of assets for TMRS as a whole was 106.2% of book value as of December 31, 1990.

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Texas Municipal Retirement System**

Pension Benefit Obligation

| | | |
|---|---|---|
| Annuitants currently receiving benefits | $ | 8,125,918 |
| Terminated employees | | 3,019,518 |
| Current employees | | |
| Accumulated employee contributions including allocated invested earnings | | 26,068,999 |
| Employer-financed vested | | 45,728,533 |
| Employer-financed nonvested | | 5,484,465 |
| Total | $ | 88,427,433 |
| Net Assets Available for Benefits, at Book Value | $ | 67,453,028 |
| Unfunded Pension Benefit Obligation | $ | 20,974,405 |

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the City contribution rate are the same as those used to compute the pension benefit obligation. The numbers above reflect the adoption of changes in the plan since the previous actuarial valuation, which had the effect of increasing the pension benefit obligation by $3,373,397.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### Texas Municipal Retirement System
### Required Supplemental Disclosure
### 10 Year Historical Information

### Analysis of Funding Progress

| As of 12/31 | Net Assets Available for Benefits | Pension Benefit Obligation | Percentage Funded | Unfunded Pension Benefit Obligation | Annual Covered Payroll | Unfunded PBO as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1981 | $19,865,089 | $29,531,681 | 67.2% | $ 9,666,592 | $22,838,980 | 42.3% |
| 1982 | 23,732,680 | 37,701,629 | 62.9 | 13,968,949 | 25,013,380 | 55.9 |
| 1983 | 27,399,977 | 42,652,821 | 64.2 | 15,252,844 | 27,051,600 | 56.4 |
| 1984 | 32,135,358 | 47,609,765 | 67.5 | 15,474,407 | 28,511,360 | 54.3 |
| 1985 | 36,379,281 | 52,393,316 | 69.4 | 16,014,035 | 33,420,720 | 47.9 |
| 1986 | 41,954,383 | 58,271,284 | 72.0 | 16,316,901 | 31,233,200 | 52.2 |
| 1987 | 47,678,645 | 67,617,486 | 70.5 | 19,938,841 | 31,757,680 | 62.8 |
| 1988 | 52,910,917 | 68,298,980 | 77.5 | 15,388,063 | 32,610,725 | 47.2 |
| 1989 | 59,340,355 | 76,642,544 | 77.4 | 17,302,189 | 36,506,033 | 47.4 |
| 1990 | 67,453,028 | 88,427,433 | 76.3 | 20,974,405 | 38,580,778 | 54.4 |

### Texas Municipal Retirement System

### Revenues by Source

| As of 12/31 | Employee Contributions | Employer Contributions | Investment Income | Other | Total | Employer Contribution as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1981 | $1,141,949 | $1,703,725 | $1,667,865 | 0 | $ 4,513,539 | 07.5% |
| 1982 | 1,250,669 | 1,668,393 | 2,113,266 | 0 | 5,032,328 | 06.7 |
| 1983 | 1,352,580 | 1,958,536 | 2,518,293 | 0 | 5,829,409 | 07.2 |
| 1984 | 1,425,568 | 2,044,264 | 3,033,240 | 0 | 6,503,072 | 07.2 |
| 1985 | 1,671,036 | 2,372,632 | 3,519,432 | 6,393 | 7,569,493 | 07.1 |
| 1986 | 1,561,660 | 2,462,401 | 4,075,372 | ( 450) | 8,098,983 | 07.9 |
| 1987 | 1,587,884 | 2,475,870 | 4,610,402 | 0 | 8,674,156 | 07.8 |
| 1988 | 1,630,536 | 2,704,942 | 5,217,750 | 32,496 | 9,585,724 | 08.3 |
| 1989 | 1,732,448 | 2,965,951 | 5,819,041 | 0 | 10,517,440 | 08.1 |
| 1990 | 1,873,498 | 3,481,188 | 6,545,398 | 219,632 | 12,119,716 | 09.0 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

III. **Detail Notes on all Funds and Account Groups**

E. **Retirement Plans**

- **Texas Municipal Retirement System**

Expenses by Type

| As of 12/31 | Transfers Current Service Annuity Reserve Fund | Administrative Expenses | Refunds | Total |
|---|---|---|---|---|
| 1981 | $ 376,846 | $ 317,695 | $524,011 | $1,218,552 |
| 1982 | 782,258 | 361,185 | 522,942 | 1,666,385 |
| 1983 | 1,154,481 | 520,686 | 425,616 | 2,100,783 |
| 1984 | 807,921 | 552,408 | 468,690 | 1,829,019 |
| 1985 | 1,655,712 | 620,760 | 477,873 | 2,754,345 |
| 1986 | 1,959,906 | 705,430 | 438,145 | 3,103,481 |
| 1987 | 1,614,136 | 776,861 | 556,240 | 2,947,237 |
| 1988 | 2,994,355 | 834,648 | 541,990 | 4,370,993 |
| 1989 | 2,656,780 | 904,570 | 527,309 | 4,088,659 |
| 1990 | 2,500,012 | 985,269 | 523,057 | 4,008,338 |

- **Firemen's Relief and Retirement Fund**

**Plan Details**

The Board of Trustees of the Lubbock Firemen's Relief and Retirement Fund is the administrator of a single-employer defined benefit pension plan maintained for members of the City of Lubbock Fire Department under provisions of applicable law of the State of Texas.

All firefighters in the Lubbock Fire Department are covered by the Lubbock Firemen's Relief and Retirement Fund. The table below summarizes the membership of the fund at December 31, 1990:

| | |
|---|---|
| 1. Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them | 160 |
| 2. Current employees | |
| a. Vested | 152 |
| b. Nonvested | 104 |
| | --- |
| 3. Total | 416 |

## III. Detail Notes on all Funds and Account Groups

The Lubbock Firemen's Relief and Retirement Fund provides retirement, death, disability and withdrawal benefits.

These benefits become fully vested after 20 years of credited service. Employees may retire at age 50 with 20 years of service. A partially vested benefit is provided for employees who terminate employment with at least 10 but less than 20 years of service. The monthly benefit at retirement, payable in a Joint and 2/3 Spouse form of annuity, is equal to 65.00% of the final 48-month average salary plus $74.00 per month for each year of service in excess of 20 years.

This plan of benefits is described as the "new plan" and became effective October 23, 1989 as a result of the December 31, 1988 valuation. Prior to October 23, 1989 the "old plan" was in effect. Under that plan, the normal service retirement benefit was equal to 64.5% of highest 48-month average salary plus $66.00 per month for each year of service in excess of 20 years.

Under this plan, Lubbock firefighters are required to contribute 11.00% of their pay to the fund. The City of Lubbock's contributions are based on a formula which causes the City's contribution rate to fluctuate from year to year, but which will average not less than 12.50% of payroll over the 27-year period beginning October 23, 1989. The City's rate at September 30, 1990 was 14.89%. The benefit and contribution provisions of this plan are authorized by the Texas Local Firefighters Retirement Act.

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Firemen's Relief and Retirement Fund**

1. Basis of Accounting - The Lubbock Firemen's Relief and Retirement Fund financial statements are prepared using the cash basis of accounting. The fund's fiscal year is the calendar year. Employee and employer contributions are recognized as revenues in the period which they are received by the fund.

2. Method Used to Value Investments - The Lubbock Firemen's Relief and Retirement Fund's investments are reported at original cost. There is no provision for the amortization of premium or discount in the purchase price of these assets. Investment income is recognized as it is received. Gains and losses on sales of assets are recognized on the transaction dates.

**Funding Status and Progress**

The amount shown below as "Pension Benefit Obligation" is a standardized disclosure measure of the present value of pension benefits estimated to be payable in the future as a result of employee service to date. These benefits have been adjusted for the effects of projected salary increases.

The "Pension Benefit Obligation" is the actuarial present value of credited projected benefits and is intended to help users assess the Lubbock Firemen's Relief and Retirement Fund's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems. This measure is independent of the actuarial funding method used to perform the actuarial valuation.

## III. Detail Notes on all Funds and Account Groups

As a result of the adoption of the new plan, the pension benefit obligation as of December 31, 1989 increased $1,412,516 over what it would have been under the old plan. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets equal to 8.50% compounded annually, (b) projected salary increases of 7.00% compounded annually, attributable to inflation, (c) additional projected salary increases which average approximately 1.00% per year, attributable to merit, promotion and longevity and (d) no post-retirement benefit increases.

**Pension Benefit Obligation**

| | December 31, 1990 |
|---|---|
| 1. Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits | $24,094,085 |
| 2. Current employees | |
| a. Accumulated employee contributions | 6,591,675 |
| b. Employer-financed vested | 13,655,966 |
| c. Employer-financed nonvested | 1,036,658 |
| 3. Total Pension Benefit Obligation | $45,378,384 |
| 4. Net assets available for benefits, at cost (market value at 12/31/90 is $41,224,093) | $34,663,471 |
| 5. Unfunded Pension Benefit Obligation | $10,714,913 |

**Contributions Required and Contributions Made**

For the plan in effect December 31, 1990 the funding policy of the Lubbock Firemen's Relief and Retirement Fund required contributions equal to 11.00% of pay by the firefighters and contributions which would average not less than 12.50% of pay by the City over the 27-year period beginning October 23, 1990. For the 1990 calendar year, contributions made were equal to 11.00% of pay by the firefighters and 14.89% of pay by the City.

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Firemen's Relief and Retirement Fund**

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method the plan's normal cost is determined as a percentage of payroll.

The excess of the total contribution rate over the normal cost rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method. For the old plan in effect on December 31, 1988 the normal cost was 18.53% of pay and the amortization period was approximately 20 years. For the new plan adopted in October, 1989, the normal cost is 19.04% of pay and the amortization period is approximately 15 years based on a December 31, 1990 valuation date.

For the 1990 calendar year total contributions of $2,003,194 were required and paid into the fund. Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. During the transition period when 10 years of the standardized measure of the pension obligation is unavailable, the information will be presented only for as many years as the measure is available.

Further details concerning the financial position of the Fund and the latest actuarial valuation are available by contacting the Board of Trustees, Firemen's Relief and Retirement Fund, City of Lubbock, P.O. Box 2000, Lubbock, Texas 79457.

## III. Detail Notes on all Funds and Account Groups

### Firemen's Relief and Retirement Fund
### Required Supplemental Disclosure
### Historical Trend Information

### Analysis of Funding Progress

| As of 12/31 | Net Assets Available Benefits* | Pension Benefit Obligation | Percentage Funded | Unfunded Pension Benefit Obligation | Annual Covered Payroll | Unfunded PBO as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 1987 | $42,780,282 | $47,785,715 | 89.5% | $5,005,433 | $6,524,303 | 76.7% |
| 1988 | 28,739,352 | 38,112,853 | 75.4 | 9,373,501 | 6,770,331 | 138.4 |
| 1989** | 32,209,973 | 42,013,008 | 76.7 | 9,803,035 | 7,338,261 | 133.6 |
| 1990 | 34,663,461 | 45,378,384 | 76.4 | 10,714,923 | 7,737,659 | 138.5 |

* At cost on December 31 of that year.

** In October, 1989 the plan was amended to increase standard retirement benefits from 64.50% to 65.00% of average salary and to increase additional monthly seniority benefits from $66.00 to $74.00 for each year of service in excess of 20 years. The amendment increased the pension benefit obligation as of December 31, 1989 by $1,412,516.

### Firemen's Relief and Retirement Fund

### Revenues by Source

| As of 12/31 | Employee Contribution | Employer Contribution | Investment Income | Other | Total | Employer Contributions as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| 1980 | $438,286 | $535,157 | $ 819,759 | $ 0 | $1,793,202 | 11.1% |
| 1981 | 511,944 | 553,877 | 1,052,505 | 0 | 2,118,326 | 10.1 |
| 1982 | 573,611 | 698,565 | 1,211,627 | 0 | 2,483,803 | 11.6 |
| 1983 | 629,811 | 755,922 | 1,839,892 | 0 | 3,225,625 | 11.8 |
| 1984 | 690,410 | 836,619 | 2,447,204 | 1,891 | 3,976,124 | 12.6 |
| 1985 | 720,016 | 889,620 | 3,048,840 | 5 | 4,658,481 | 13.0 |
| 1986 | 766,468 | 942,620 | 2,778,953 | 2,033 | 4,490,074 | 13.2 |
| 1987 | 748,051 | 921,523 | 2,723,038 | 35,411 | 4,428,023 | 12.4 |
| 1988 | 744,736 | 936,880 | 2,897,527 | 0 | 4,579,143 | 13.8 |
| 1989 | 807,209 | 1,036,997 | 4,008,844 | 7,982 | 5,861,032 | 14.1 |
| 1990 | 851,143 | 1,152,051 | 3,132,162 | 0 | 5,135,356 | 14.9 |

## III. Detail Notes on all Funds and Account Groups

### E. Retirement Plans

- **Firemen's Relief and Retirement Fund**

Firemen's Relief and Retirement Fund
Expenses by Type

| As of 12/31 | Benefits | Administrative Expenses | Refunds | Total |
|---|---|---|---|---|
| 1980 | $ 380,384 | $ 34,874 | $19,247 | $ 434,505 |
| 1981 | 470,787 | 30,727 | 36,028 | 537,542 |
| 1982 | 662,019 | 45,233 | 26,657 | 733,909 |
| 1983 | 730,050 | 66,630 | 6,824 | 803,504 |
| 1984 | 945,199 | 90,131 | 34,039 | 1,069,369 |
| 1985 | 1,046,806 | 248,499 | 0 | 1,295,305 |
| 1986 | 1,301,712 | 470,606 | 49,358 | 1,821,676 |
| 1987 | 1,722,194 | 147,148 | 40,161 | 1,909,503 |
| 1988 | 2,040,693 | 150,934 | 15,081 | 2,206,708 |
| 1989 | 2,111,733 | 278,679 | 0 | 2,390,412 |
| 1990 | 2,448,809 | 197,937 | 35,122 | 2,681,868 |

### F. Deferred Compensation

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchases with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participant's rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

## III. Detail Notes on all Funds and Account Groups

In management's opinion, the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. All assets of the plan are held by an independent administrator and valued at market. The deferred compensation plan is included in the City's financial statements as an agency fund.

### G. Surface Water Supply

- **Canadian River Municipal Water Authority**

The Canadian River Municipal Water Authority (CRMWA) is a Conservation and Reclamation District established by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding cities. The District was created in 1953 and comprises eleven cities, including the City. The budgetary, financing and operations of the District are governed by a Board of Directors selected by the governing bodies of each of the member cities, each city being entitled to one or two members dependent upon population. At September 30, 1991 the Board was comprised of 19 members, two of which represented the City of Lubbock.

The City contracted with the Canadian River Municipal Water Authority to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct system in exchange for surface water. Accordingly, such payments are made solely out of water system revenues and are not general obligations of the City. The City's pro rata share of annual fixed and variable operating and reserve assessments is recorded as an expense of obtaining surface water.

## III. Detail Notes on all Funds and Account Groups

### G. Surface Water Supply

- **Canadian River Municipal Water Authority**

The long term debt is owed to the U.S. Bureau of Reclamation for the cost of construction of the facility, which was completed in 1969. The City's allocation of project cost was $32,905,862. During the year ended September 30, 1991, principal payments in the amount of $652,998 reduced principal amounts outstanding at September 30, 1990 in the amount of $26,540,464. The balance due to the authority on the contract at September 30, 1991 was $25,887,466, due in annual installments of $1,351,543 including interest of 2.632% until the year 2018. The above cost for the rights are being amortized over 85 years. The cost and debt are recorded in the Water Enterprise Fund.

GAAP requires accounting for debt service as a reduction in construction obligations payable and related interest expense. However, the contract between the City and CRMWA requires the classification of payments to the Authority to be reflected as operating expenses of the Water Fund. Accordingly, the adjustment required to convert GAAP expenses to the contractual agreement results in an adjustment to increase operating expenses for principal in the amount of $652,998, interest in the amount of $698,545 and reduce amortization by $387,128.

- **Brazos River Authority - Lake Alan Henry**

During 1989, the City entered into an agreement with the Brazos River Authority for the construction, maintenance and operation of the facilities to be known as Lake Alan Henry. The BRA, which is authorized by the State of Texas to provide for the conservation and development of surface waters in the Brazos River Basin, will issue bonds for the construction of the dam and lake facilities on the South Fork of the Double Mountains Fork of the Brazos River. Total costs are expected to exceed $120 million.

The agreement obligates the City to provide revenues to the authority in amounts sufficient to cover all maintenance and operating costs, management fees to the authority, as well as funds sufficient to pay all capital costs associated with construction. The City will receive surface water for the payments to the Authority.

## III. Detail Notes on all Funds and Account Groups

The BRA issued $16,970,000 in bonds in 1989 and $39,685,000 in bonds in 1991, respectively. Construction of the dam and lake facilities began in 1989. The City is obligated to provide sufficient funds over the next 30 years to service the debt requirement of these bonds. The financial activity is accounted for in the Water Enterprise Fund.

### H. Other Enterprise Fund Activities

#### Enterprise Fund Transfers

Transfers to the General Fund from the Electric, Water and Sewer Enterprise Funds, in the opinion of management, exceed the amount that would have been paid to the City if these funds were private sector companies engaged in the same enterprises. In addition to the amount transferred in excess of private sector taxes, there is also an amount transferred to compensate the General Fund for shared services and indirect cost.

### I. Segment Information - Enterprise Funds

The City maintains nine enterprise funds which provide electric, water, sewer, sanitation, airport, golf, cultural and education, transportation, and new business support services. Segment information for the year ended September 30, 1991, was as follows:

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock | Citibus Fund | Center for Innovation | Total Enterprise Fund |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating revenues | 49,142,119 | 21,821,722 | 9,696,057 | 6,340,137 | 4,064,177 | 853,926 | 1,498,859 | 1,269,103 | 148,214 | 94,832,314 |
| Depreciation expense | 3,061,867 | 2,042,675 | 1,311,098 | 814,618 | 1,424,759 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 |
| Operating income (loss) | 12,855,099 | 10,006,058 | 4,247,356 | 575,897 | (978,991) | (106,357) | 54,545 | (2,030,519) | (227,039) | 24,396,049 |
| Operating transfers: | | | | | | | | | | |
| In (out) | (5,087,836) | (1,768,916) | (672,398) | (186,822) | (421,490) | 0 | 0 | 409,658 | 89,183 | (7,638,621) |
| Net income (loss) | 8,070,102 | 6,543,165 | 3,426,658 | 706,223 | (1,171,778) | (163,658) | 54,689 | (148,851) | (62,856) | 17,265,894 |
| Current capital – | | | | | | | | | | |
| contributions | 0 | 253,789 | 229,528 | 0 | 1,963,736 | 0 | 0 | 333,241 | 252,445 | 3,032,739 |
| Property, plant, and | | | | | | | | | | |
| equipment: | | | | | | | | | | |
| Additions | 8,553,703 | 10,467,950 | 11,979,835 | 2,046,227 | 7,684,263 | 278,245 | 30,990 | 333,241 | 249,613 | 41,624,087 |
| Deletions | 5,583,402 | 1,374,971 | 2,741,819 | 723,790 | 4,749,723 | 177,712 | 0 | 171,423 | 0 | 15,522,840 |
| Net working capital | 10,646,661 | (3,228,276) | (588,834) | (926,053) | 166,666 | (728,376) | 132,153 | 70,000 | (6,104) | 5,556,037 |
| Allowance for doubtful | | | | | | | | | | |
| accounts | 656,023 | 136,327 | 38,623 | 60,445 | 10,085 | 0 | 0 | 0 | 0 | 901,503 |
| Total assets | 127,329,277 | 193,641,844 | 49,846,641 | 8,633,815 | 41,165,058 | 1,815,703 | 645,957 | 2,426,608 | 218,927 | 425,923,230 |
| Bonds and other long-term | | | | | | | | | | |
| liabilities payable | | | | | | | | | | |
| from operation revenues | 40,467,758 | 115,447,938 | 15,126,951 | 2,033,032 | 688,891 | 707,630 | 1,269 | 70,000 | 0 | 174,543,467 |
| Total equity | 77,239,907 | 71,323,883 | 33,214,222 | 5,144,934 | 39,942,403 | 293,395 | 296,405 | 1,821,055 | 199,589 | 229,475,793 |

## III. Detail Notes on all Funds and Account Groups

### J. Lease Agreements

The City has entered into lease agreements with independent third parties for the purpose of acquiring certain properties and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Capital Leases at September 30, 1991 were as follows:

| | Maturity Dates | Interest Rate | Balance Outstanding |
|---|---|---|---|
| Enterprise Funds | | | |
| 1987 - Sprinkler system | 1992 | 6.25% | $ 3,906 |
| 1991 - Scraper | 1996 | 7.50% | 233,955 |
| Total Enterprise Funds | | | $237,861 |
| Internal Service | | | |
| 1990 - Telephone Equipment | 1995 | 8.44% | $188,796 |
| Total | | | $426,657 |

Future minimum lease payments are as follows at September 30, 1991.

| Fiscal Year Ended September 30 | |
|---|---|
| 1992 | $136,065 |
| 1993 | 132,067 |
| 1994 | 132,067 |
| 1995 | 88,616 |
| 1996 | 5,574 |
| Total Minimum Lease Payments | $494,389 |
| Less: Interest | 67,732 |
| Present Value of Future Minimum Lease Payments | $426,657 |

## III. Detail Notes on all Funds and Account Groups

The following is a summary of assets acquired under the above capital leases at September 30, 1991.

| | |
|---|---|
| Land Betterments | $ 14,695 |
| Equipment | 554,069 |
| Total | 568,764 |
| Less: Accumulated Amortization | 74,365 |
| Total | $ 494,399 |

Amortization expense on assets under capital leases is included in depreciation expense.

The City enters into monthly leases for various items of equipment for purposes of evaluating a future purchase. Accordingly, at September 30, 1991 the City had no material initial or remaining non-cancellable leases with terms exceeding one year. Rent expenses for 1991 and 1990 were $1,451,663 and $1,209,613 respectively.

The BCD (dba Center for Innovation) is committed under a lease for office space for the property at 2579 South Loop 289. The lease expires in September 1995, requires monthly payments, and its continuance is contingent upon the BCD receiving funding from the City for the Center for Innovation. The lease becomes a month-to-month tenancy at the end of the year in which such funding is eliminated. Annual future lease obligations are $115,150 for each year.

The CFI subleases space in the building occupied by the CFI to tenants in accordance with the business philosophy under which the CFI was created, which is to develop an environment that provides accessibility to a variety of business and economic services. Rental income of CFI tenants under the one-year cancelable subleases for the year ended September 30, 1991 totaled $124,895, of which $96,000 was attributable to rent incurred by the General Fund.

## III. Detail Notes on all Funds and Account Groups

### J. Lease Agreements

On October 1, 1990, the BCD entered into a one-year contract with Texas Tech University to furnish office space and pay $115,000 as a portion of the matching funds required to be furnished by the Texas Tech University Small Business Development Center ("TTUSBDC") under the terms of the U.S. Small Business Administration Notice of Award. The office space is utilized as an "in-kind" contribution under the Notice of Award.

During the year ended September 30, 1991, the BCD incurred rental expense on behalf of TTUSBDC offices of $11,798 through December 31, 1990, stemming from a commitment to TTUSBDC to pay for office space in another location vacated as a result of the BCD moving into a new facility.

Civic Lubbock, Inc. leases certain space in a retail shopping area in Lubbock, Texas for the purpose of ticket sales and solicitation of civic and promotional events. Payments under this lease agreement are made monthly and the lease expires in March, 1995. Annual future lease payments are as follows:

| Year Ending September 30 | |
|---|---|
| 1992 | $ 8,304 |
| 1993 | 8,304 |
| 1994 | 8,304 |
| 1995 | 4,152 |
| | $ 29,064 |

Total rent expense for the year ended September 30, 1991 was $34,888.

Citibus has contracted with Goodyear Tire and Rubber Co. ("Goodyear") to provide tires through August 1994. Citibus pays a flat rate per mile for the first 42,000 miles and one-half that rate for excess mileage. The flat rate is adjusted each six months based on Goodyear's manufacturing costs. The total amount paid for 1991 was $42,360.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended September 30, 1991.

| | Obligation Bonds*** | Revenue Bonds | Notes | Leases | Compensated Absences | Total |
|---|---|---|---|---|---|---|
| Debt Payable 10-01-90 | $79,011,942 | $56,321,528 | $3,034,127 | $516,330 | $8,601,524 | $147,485,451 |
| New Debt Issued | 24,380,000 | 56,029,464 | 0 | 233,955 | 478,782 | 81,122,201 |
| Debt Retired | (7,679,329) | (12,901,897) | (51,695) | (323,628) | 0 | (20,956,549) |
| Debt Payable 09-30-91 | $95,712,613* | $99,449,095** | $2,982,432 | $426,657 | $9,080,306 | $207,651,103 |

* Includes $71,139 discount on bonds sold and $53,308,836 on bonds issued to finance enterprise funds.
** Includes $31,149 premium on bonds sold and $817,019 discount on bonds sold.
*** Includes Certificates of Obligation.

Bonds payable at September 30, 1991 are comprised of the following individual individual issues:

**General Obligation Bonds and Certificates of Obligation:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30, 1991 |
|---|---|---|---|---|
| 7.90 | 5-15-83 | 2-15-03 | $ 18,775,000 | $ 11,375,000 |
| 7.86** | 11-15-85 | 2-15-03 | 60,614,070 | 31,949,070 |
| 7.65 | 4-15-87 | 2-15-07 | 5,960,000 | 4,800,000 |
| 7.35 | 5-15-88 | 2-15-03 | 750,000 | 670,000 |
| 7.46 | 5-15-88 | 2-15-08 | 6,560,000 | 5,585,000 |
| 7.63 | 8-15-88 | 2-15-07 | 5,000,000 | 4,800,000 |
| 7.11*** | 8-15-88 | 2-15-00 | 2,774,682 | 2,028,543 |
| 6.84 | 8-15-89 | 2-15-09 | 3,800,000 | 3,420,000 |
| 6.83 | 8-15-89 | 2-15-09 | 7,445,000 | 6,705,000 |
| 6.64 | 5-15-91 | 2-15-11 | 16,120,000 | 16,120,000 |
| 6.67 | 5-15-91 | 2-15-11 | 4,030,000 | 4,030,000 |
| 6.29 | 5-15-91 | 2-15-01 | 1,145,000 | 1,145,000 |
| 9.01 | 5-15-91 | 2-15-11 | 1,085,000 | 1,085,000 |
| 6.69 | 5-15-91 | 2-15-11 | 2,000,000 | 2,000,000 |
| Total GO and CO Bonds | | | $136,058,752* | $ 95,712,613 |

* Includes $72,901,806 issued to finance enterprise activities.
** Refunding Bonds issued to replace bonds issued 1966-1982 and 1984.
*** Refunding Bonds issued to replace Certificates of Obligation issued in 1986. Balance outstanding includes $71,139 discount on bonds sold.

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

**Electric Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30,1991 |
|---|---|---|---|---|
| 4.35 to 6.50 | 7-15-73 | 4-15-93 | $ 6,000,000 | $ 600,000 |
| 4.50 to 7.00 | 3-15-75 | 4-15-95 | 6,400,000 | 1,280,000 |
| 5.00 to 7.50 | 9-15-75 | 4-15-96 | 2,000,000 | 500,000 |
| 6.25* | 4-15-76 | 4-15-97 | 4,400,000 | 1,351,149 |
| 8.00 to 8.15** | 5-15-83 | 4-15-93 | 10,770,000 | 1,120,000 |
| 8.75 to 9.10 | 4-15-84 | 4-15-94 | 10,000,000 | 1,500,000 |
| 7.00 to 10.00 | 4-15-87 | 4-15-07 | 7,000,000 | 5,600,000 |
| 7.00 to 10.00 | 5-15-88 | 4-15-08 | 17,000,000 | 14,450,000 |
| 6.25 to 9.20 | 5-15-91 | 4-15-11 | 7,500,000 | 7,500,000 |
| 5.00 to 6.50*** | 7-15-91 | 4-15-02 | 4,424,976 | 4,424,976 |
| 5.00 to 6.60**** | 7-15-91 | 4-15-04 | 4,999,981 | 4,999,989 |
| Total Electric Revenue | | | $ 80,494,957 | $43,326,114 |

* These bonds were issued at a premium to yield an effective rate of 5.58%. Balance outstanding includes $31,149 premium on bonds sold.
** Refunding bonds issued to replace bonds issued August 15, 1981.
*** Refunding bonds issued for a partial refunding of the bonds issued May 15, 1983.
**** Refunding bonds issued for a partial refunding of the bonds issued April 15, 1984.

**Water Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30,1991 |
|---|---|---|---|---|
| 6.9 to 9.0 | 10-15-89 | 8-15-19 | $ 16,970,000 | $16,393,481* |
| 6.8 to 8.8 | 01-15-91 | 8-15-21 | 39,685,000 | 39,104,500** |
| Total Water Revenue | | | $ 56,655,000 | $55,497,981 |

* Balance outstanding includes $236,519 discount on bonds sold.
** Balance outstanding includes $580,500 discount on bonds sold.

**Airport Revenue Bonds:**

| Interest Rate | Issue Date | Final Maturity Date | Amount Issued | Balance Outstanding September 30, 1991 |
|---|---|---|---|---|
| 4.5 to 5.5 | 9-15-78 | 9-15-98 | $ 1,730,000 | $ 625,000 |
| Total Airport Revenue | | | $ 1,730,000 | $ 625,000 |
| Total GO Bonds, CO and Revenue Bonds | | | $274,938,709 | $195,161,708 |

## III. Detail Notes on all Funds and Account Groups

The annual requirements to amortize all outstanding debt of the City as of September 30, 1991, including interest payments of $157,116,533, are as follows:

Annual Requirements to Amortize Long-Term Debt
September 30, 1991

| | Category of Long-Term Debt | | | | |
|---|---|---|---|---|---|
| Year End | General Obligation Bonds | Revenue Bonds | Notes | Lease | Total |
| 1991-92 | $ 15,809,459 | $ 11,773,857 | $ 430,313 | $136,065 | $ 28,149,694 |
| 1992-93 | 14,215,654 | 11,459,335 | 413,271 | 132,067 | 26,220,327 |
| 1993-94 | 13,319,803 | 10,829,378 | 3,048,482 | 132,067 | 27,329,730 |
| 1994-95 | 12,247,766 | 10,513,403 | 19,626 | 88,616 | 22,869,411 |
| 1995-96 | 11,751,083 | 9,885,987 | 0 | 5,574 | 21,642,644 |
| 1996-97 | 11,121,930 | 9,491,693 | 0 | 0 | 20,613,623 |
| 1997-98 | 10,557,495 | 9,000,367 | 0 | 0 | 19,557,862 |
| 1998-99 | 9,876,959 | 8,664,220 | 0 | 0 | 18,541,179 |
| 1999-00 | 8,914,375 | 8,425,395 | 0 | 0 | 17,339,770 |
| 2000-01 | 7,779,920 | 8,185,400 | 0 | 0 | 15,965,320 |
| 2001-02 | 6,426,423 | 7,937,005 | 0 | 0 | 14,363,428 |
| 2002-03 | 5,545,990 | 7,351,718 | 0 | 0 | 12,897,708 |
| 2003-04 | 3,709,725 | 7,186,342 | 0 | 0 | 10,896,067 |
| 2004-05 | 3,525,488 | 6,569,042 | 0 | 0 | 10,094,530 |
| 2005-06 | 3,349,400 | 6,439,985 | 0 | 0 | 9,789,385 |
| 2006-07 | 3,169,328 | 6,337,463 | 0 | 0 | 9,506,791 |
| 2007-08 | 2,369,578 | 5,891,930 | 0 | 0 | 8,261,508 |
| 2008-09 | 1,918,637 | 4,961,842 | 0 | 0 | 6,880,479 |
| 2009-10 | 1,268,013 | 4,942,200 | 0 | 0 | 6,210,213 |
| 2010-11 | 1,199,337 | 4,932,808 | 0 | 0 | 6,132,145 |
| 2011-12 | 0 | 4,537,265 | 0 | 0 | 4,537,265 |
| 2012-13 | 0 | 4,552,240 | 0 | 0 | 4,552,240 |
| 2013-14 | 0 | 4,574,915 | 0 | 0 | 4,574,915 |
| 2014-15 | 0 | 4,593,920 | 0 | 0 | 4,593,920 |
| 2015-16 | 0 | 4,608,575 | 0 | 0 | 4,608,575 |
| 2016-17 | 0 | 4,633,190 | 0 | 0 | 4,633,190 |
| 2017-18 | 0 | 4,646,060 | 0 | 0 | 4,646,060 |
| 2018-19 | 0 | 4,671,840 | 0 | 0 | 4,671,840 |
| 2019-20 | 0 | 3,228,480 | 0 | 0 | 3,228,480 |
| 2020-21 | 0 | 3,236,040 | 0 | 0 | 3,236,040 |
| Total | $148,076,363 | $204,061,895 | $3,911,692 | $494,389 | $356,544,339* |

* This schedule reflects actual principal and interest payments and does not include the effect of premiums or discounts.

The City has complied in all material respects to the bond covenants as outlined in each issue's indenture.

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### K. Changes in Long-Term Debt

The total long-term debt is reconciled to the total annual requirements to amortize long-term debt as follows:

| | | |
|---|---|---|
| Long-Term Debt | $207,651,103 | |
| Interest | 157,116,533 | |
| Carrying Amount of Debt | | $364,767,636 |
| Add: Discounts | $ 888,158 | |
| Less: Premiums | (31,149) | |
| Compensated Absences | (9,080,306) | |
| | | $ (8,223,297) |
| Total Long-Term Debt | | $356,544,339 |

Changes in General Long-Term Debt for the year ended September 30, 1991 are summarized as follows:

| | General Long-Term Debt Payable 10-01-90 | Additions | Deletions | General Long-Term Debt Payable 09-30-91 |
|---|---|---|---|---|
| Notes payable | $ 2,908,025 | $ 0 | $ 28,105 | $ 2,879,920 |
| Leases payable | 235,861 | 0 | 235,861 | 0 |
| General obligation bonds payable | 39,179,107 | 7,115,000 | 3,819,190 | 42,474,917 |
| Accumulated unpaid vacation and sick leave | 6,339,730 | 322,507 | 0 | 6,662,237 |
| Arbitrage rebate liability | 227,909 | 22,862 | 0 | 250,771 |
| Total General Long-Term Debt | $48,890,632 | $ 7,460,369 | $ 4,083,156 | $52,267,845 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

Long-term debt obligations of Civic Lubbock, Inc. at September 30, 1991 are summarized as follows:

| | |
|---|---|
| Note Payable to the Plains National Bank of Lubbock, dated March 1, 1990 in the original amount of $130,000, payable on demand, or if no demand is made, in monthly installments of $2,853, including interest at 11%, maturing April 1, 1995, collateralized by Select-A-Seat equipment. | $ 99,575 |
| Notes Payable to Southwestern Bell Telecommunications, Inc., dated April 27, 1990 in the original amount of $5,035, payable in monthly installments of $148, including interest at 4%, maturing July 1, 1993, collateralized by telephone system equipment. | $ 2,960 |
| | 102,535 |
| Less current maturities | 101,266 |
| Long-term debt, less current maturities | $ 1,269 |

Maturities of long-term debt as of September 30, 1991 are as follows:

| | |
|---|---|
| 1992 | $ 26,188 |
| 1993 | 28,601 |
| 1994 | 30,494 |
| 1995 | 17,252 |
| Total | $ 102,535 |

## III. Detail Notes on all Funds and Account Groups

### L. Advanced Defeasement

On August 15, 1991, the City of Lubbock issued $9,424,964 Electric Light and Power System Revenue Bonds dated July 15, 1991. These bonds are made up of the Series 1991A Bonds and Series 1991B Bonds. The $4,424,975 Series 1991A Bonds were used to advance refund $4,425,000 Electric Light and Power System Refunding Revenue Bonds, Series 1982 for the payments due April 15, 1994 through April 15, 2002. The $4,999,988 Series 1991B Bonds were used to advance refund $5,000,000 Electric Light and Power System Revenue Bonds, Series 1984 for the payments due April 15, 1995 through April 15, 2004. The 1991A bonds are made up of $3,335,000 Current Interest Bonds and $1,089,975 Premium Capital Appreciation Bonds. The Series 1991B Bonds are made up of $4,030,000 Current Interest Bonds and $969,988 Premium Capital Appreciation Bonds.

A portion of the proceeds of the Series 1991A Bonds were used to purchase United States Treasury Securities--State and Local Government Series (the "Series 1991A Restricted Acquired Obligations") which were placed in an irrevocable trust to be used solely to refund that portion of the City's Electric Light and Power System Refunding Revenue Bonds, Series 1983 for payments due April 15, 1994 through April 15, 1995. As a result, these bonds are considered to be defeased and the liability of $4,425,000 has been removed from the books of the City of Lubbock.

A portion of the proceeds of the Series 1991B Bonds were used to purchase United States Treasury Securities--State and Local Government Series (the "Series 1991B Restricted Acquired Obligations"), which were placed in an irrevocable trust along with an initial cash deposit to be used solely to refund that portion of the City's Electric Light and Power System Revenue Bonds, Series 1984 for payments due April 15, 1995 through April 15, 2004. As a result, these bonds are considered to be defeased and the liability of $5,000,000 has been removed from the books of the City of Lubbock.

## III. Detail Notes on all Funds and Account Groups

### Combined Sources and Uses of Funds

| Sources | Series 1991A Bonds | Series 1991B Bonds | Totals |
|---|---|---|---|
| Principal Amounts of Bonds: | | | |
| Current Interest Bonds | $3,335,000 | $4,030,000 | $ 7,365,000 |
| Premium Capital Appreciation Bonds | 1,089,975 | 969,988 | 2,059,963 |
| Premium on Premium Capital Appreciation Bonds | 414,199 | 653,355 | 1,067,554 |
| Accrued Interest | 16,166 | 20,297 | 36,463 |
| Total Sources | $4,855,340 | $5,673,640 | $10,528,980 |
| **Uses** | | | |
| Purchase Price of Restricted Acquired Obligations | $4,716,200 | $5,503,700 | $10,219,900 |
| Initial Cash Deposit | | 75 | 75 |
| Costs of Issuance | 45,000 | 50,000 | 95,000 |
| Underwriters' Discount | 53,230 | 62,186 | 115,416 |
| Insurance Premium | 20,028 | 25,084 | 45,112 |
| Original Issue Discount | 3,164 | 11,742 | 14,906 |
| Accrued Interest | 16,167 | 20,297 | 36,464 |
| Contingency | 1,551 | 556 | 2,107 |
| Total Uses | $4,855,340 | $5,673,640 | $10,528,980 |

### Calculation of Cash Flow Difference

| | Series 1991A Bonds | Series 1991B Bonds | Totals |
|---|---|---|---|
| Prior Debt Service Cash Flows | $7,071,128 | $8,874,500 | $15,945,628 |
| Less: New Debt Service Cash Flows | 6,692,316 | 8,381,812 | 15,074,128 |
| Reduced Debt Service | 378,812 | 492,688 | 871,500 |
| Plus: Accrued Interest | 16,166 | 20,298 | 36,464 |
| Total Reduced Debt Service | $ 394,978 | $ 512,986 | $ 907,964 |

## III. Detail Notes on all Funds and Account Groups

### L. Advanced Defeasement

**Calculation of Economic Gain**

| | | | |
|---|---|---|---|
| **Series 1991A:** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $ 5,100,276 |
| Present Value of New Debt Service at | 6.36% | $ 4,812,333 | |
| Less Accrued Interest | | 16,166 | 4,796,167 |
| Economic Gain on Transaction | | | $ 304,109 |
| **Series 1991B:** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $ 6,008,127 |
| Present Value of New Debt Service at | 6.36% | $ 5,656,631 | |
| Less Accrued Interest | | 20,298 | 5,636,333 |
| Economic Gain on Transaction | | | $ 371,794 |
| **Totals (Series 1991A and Series 1991B):** | | | |
| Present Value of Prior Debt Service at | 6.36% | | $11,108,403 |
| Present Value of New Debt Service at | 6.36% | $10,468,964 | |
| Less Accrued Interest | | 36,464 | 10,432,500 |
| Economic Gain on Transaction | | | $ 675,903 |

CITY OF LUBBOCK
Notes to Financial Statements
September 30, 1991

## III. Detail Notes on all Funds and Account Groups

### M. Accrued Insurance Claims

As discussed in Note I.G., the Fund establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the Fund during the past two years ended September 30:

| | 1991 | 1990 |
|---|---|---|
| Unpaid claims and claim adjustment expenses at beginning of year | $1,045,047 | $1,165,406 |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of the current year | 420,627 | 330,017 |
| Increases in provision for insured events of prior years | 2,000,003 | 1,682,286 |
| Total incurred claims and claim adjustment expenses | 2,420,630 | 2,012,303 |
| Payments: | | |
| Claims and claim adjustment expenses attributable to insured events of the current year | 338,117 | 349,756 |
| Claims and claim adjustment expenses attributable to insured events of prior years | 1,723,571 | 1,782,906 |
| Total payments | 2,061,688 | 2,132,662 |
| Total unpaid claims and claim adjustment expenses at end of the year | $1,403,989 | $1,045,047 |

### N. Reporting Changes

- **Senior Citizen Services Grant**

During the year it was determined the Senior Citizen Services and the Summer Food Services Program qualified for grant reporting as an Expendable Trust Fund. All accounting activity was moved from the General Fund and is reported as Other Grants in the Expendable Trust Funds.

## IV. Contingent Liabilities

### A. Federal Grants

In the normal course of operations, the City receives grant funds from various Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of audits of grants is not believed to be material.

### B. Litigation

The City is involved in numerous lawsuits arising in the normal course of business, including claims for property damage, personal injury and personnel practices, disputes over contract awards and property condemnation proceedings, and suits contesting the legality of certain taxes. In the opinion of management, the ultimate outcome of these lawsuits will not have a materially adverse effect on the City's financial position as of September 30, 1991.

## V. Financial Instruments

The City is subject to off-balance sheet risk associated with assets that are not recorded in the financial statements, specifically with respect to United States Treasury Securities--State and Local Government Series, held in an irrevocable trust to be used to refund a portion of the City's Electric Light and Power System Refunding Revenue Bonds, Series 1983 and 1984. Management feels that due to the nature of these securities, there is a minimal amount of credit or market risk associated with these securities.

Financial instruments which potentially subject the City to concentrations of credit risk consist primarily of demand deposits and trade receivables.

Management believes that the City places its demand deposits with high-credit quality financial institutions in amounts that are within the Federal Deposit Insurance Corporation limitations or are collateralized by pledged securities. Concentrations of credit risk are primarily focused on trade receivables which are due from customers. No significant credit losses from individual receivables were experienced during the year.

## VI. Subsequent Events

On January 18, 1992, the City of Lubbock will conduct a 1/2 cent sales tax election. If approved, 1/8 cent sales tax will be dedicated to the reduction of current ad valorem tax and 3/8 cent sales tax will be used for economic development projects.

During the next three years, the City will issue approximately $50 million of Certificates of Obligation in participation with the States Revolving Loan Fund, the proceeds of which will be used to construct sewer system improvements.

LUBBOCK TEXAS

# ENTERPRISE FUNDS

The Enterprise Funds are used to account for the operations of the City financed and operated in a manner similar to private business enterprises, where the intent is costing goods or services to the general public on a continuing basis to be recovered in whole or part through user charges. Included in this category are Lubbock Power and Light Electric Fund, Water Fund, Sewer Fund, Solid Waste Fund, Lubbock International Airport Fund, Meadowbrook Municipal Golf Course Fund, Civic Lubbock, Inc., Citibus Transit System, and the Center for Innovation.

# CITY OF LUBBOCK, TEXAS
## ENTERPRISE FUNDS
## COMBINING BALANCE SHEET
### September 30, 1991
### With Comparative Totals for September 30, 1990

| Assets | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Current assets: | | | | | | | | | | | |
| Pooled cash and cash equivalents | $ 11,108,923 | $ 528,469 | $ 212,175 | $ 37,038 | $ 229,632 | $ 35,551 | $ 343,359 | $ 12,670 | $ 0 | $ 12,505,817 | $ 11,395,787 |
| Accounts and notes receivable (net) | 3,001,114 | 1,354,728 | 635,218 | 487,656 | 326,074 | 2,752 | 23,786 | 381,074 | 7,514 | 6,219,914 | 6,689,398 |
| Interest receivable | 11,170 | 5,728 | 1 | 60 | 161 | 0 | 303 | 0 | 0 | 17,423 | 148,023 |
| Due from other governments | 45,528 | 291,300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 336,828 | 191,097 |
| Prepaid expenses | 0 | 0 | 0 | 0 | 0 | 0 | 43,293 | 39,259 | 0 | 82,552 | 13,684 |
| Inventory, at cost | 200,192 | 89,695 | 0 | 0 | 0 | 47,999 | 55,788 | 172,750 | 0 | 566,424 | 490,915 |
| Total current assets | 14,364,927 | 2,269,918 | 847,394 | 524,754 | 555,867 | 86,302 | 466,529 | 605,753 | 7,514 | 19,728,958 | 18,928,904 |
| Restricted assets: | | | | | | | | | | | |
| Customer deposits: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 45,560 | 375,545 | 0 | 2,885 | 0 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Utility deposits: | | | | | | | | | | | |
| Accounts receivable | 0 | 4,071 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,071 | 4,071 |
| Economic development: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 736,664 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 736,664 | 526,310 |
| Interest receivable | 839 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 839 | 6,530 |
| Pro rata construction: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 334,450 | 517,998 | 0 | 0 | 0 | 0 | 0 | 0 | 852,448 | 845,996 |
| Accounts and interest receivable | 0 | 31,695 | 34,621 | 0 | 0 | 0 | 0 | 0 | 0 | 66,316 | 52,751 |
| Capital projects: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 9,265,611 | 67,839,325 | 822,175 | 1,927,287 | 30,818 | 42,540 | 26,037 | 0 | 0 | 79,953,793 | 31,106,865 |
| Accounts and interest receivable | 58,193 | 16,823 | 183 | 2,008 | 20,000 | 3 | 0 | 0 | 0 | 97,210 | 159,570 |
| Permanent capital maintenance: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 5,491,936 | 790,022 | 918,647 | 1,689,860 | 670,787 | 205,063 | 0 | 0 | 0 | 9,766,315 | 6,577,700 |
| Interest receivable | 7,186 | 858 | 1,098 | 945 | 1,150 | 230 | 0 | 0 | 0 | 11,467 | 68,269 |
| System improvement: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 3,702,314 | 2,507,276 | 697,769 | 0 | 41,211 | 0 | 0 | 0 | 0 | 6,948,590 | 4,913,270 |
| Interest receivable | 5,455 | 3,202 | 988 | 0 | 51 | 0 | 0 | 0 | 0 | 9,696 | 51,006 |
| Rate stabilization: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 0 | 7,293,515 | 2,672,874 | 0 | 0 | 0 | 0 | 0 | 0 | 9,966,389 | 5,862,858 |
| Interest receivable | 0 | 8,001 | 2,941 | 0 | 0 | 0 | 0 | 0 | 0 | 10,942 | 63,689 |
| Revenue bond current debt services: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 5,869,875 | 0 | 0 | 0 | 50,590 | 0 | 0 | 0 | 0 | 5,920,465 | 4,643,205 |
| Interest receivable | 10,837 | 0 | 0 | 0 | 494 | 0 | 0 | 0 | 0 | 11,331 | 108,563 |
| Revenue bond future debt services: | | | | | | | | | | | |
| Pooled cash and cash equivalents | 3,413,183 | 0 | 450,396 | 0 | 300,000 | 0 | 0 | 0 | 0 | 4,163,579 | 4,517,255 |
| Interest receivable | 0 | 0 | 552 | 0 | 0 | 0 | 0 | 0 | 0 | 552 | 5,038 |
| Total restricted assets | 28,607,653 | 79,204,783 | 6,120,262 | 3,622,985 | 1,115,101 | 247,836 | 26,037 | 0 | 0 | 118,944,657 | 59,961,902 |
| Advance to other funds | 1,765,513 | 2,310,499 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,076,012 | 2,326,012 |
| Deferred charge | 1,147,462 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,147,462 | 1,143,966 |
| Property, plant and equipment: | | | | | | | | | | | |
| Land | 456,640 | 1,251,249 | 6,371,007 | 377,024 | 5,669,964 | 114,910 | 0 | 318,539 | 0 | 14,559,333 | 14,573,488 |
| Buildings | 1,706,590 | 4,643,217 | 5,107 | 27,099 | 25,216,601 | 189,184 | 0 | 1,170,629 | 0 | 32,958,427 | 29,451,239 |
| Improvements other than buildings | 88,115,443 | 81,428,045 | 37,564,172 | 200,465 | 30,215,691 | 1,004,353 | 0 | 201,958 | 218,470 | 238,948,597 | 234,965,098 |
| Machinery and equipment | 3,803,757 | 2,189,141 | 1,790,289 | 12,113,155 | 2,184,487 | 658,831 | 320,895 | 5,548,681 | 31,143 | 28,640,379 | 25,558,026 |
| Construction in progress | 32,231,233 | 21,219,634 | 12,548,210 | 787,449 | 6,667,699 | 0 | 0 | 0 | 0 | 73,434,225 | 57,871,863 |
| Allowance for depreciation | (44,869,941) | (24,676,565) | (15,400,600) | (8,999,116) | (30,460,352) | (485,713) | (167,504) | (5,418,752) | (38,200) | (130,516,743) | (124,020,071) |
| Net property, plant and equipment | 81,443,722 | 86,054,721 | 42,878,185 | 4,486,076 | 39,494,090 | 1,481,565 | 153,391 | 1,821,055 | 211,413 | 258,024,218 | 238,419,643 |
| Other assets: | | | | | | | | | | | |
| Water rights | 0 | 32,905,862 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,905,862 | 32,905,862 |
| Allowance for amortization | 0 | (8,903,939) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (8,903,939) | (8,516,811) |
| Net other assets | 0 | 24,001,923 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,001,923 | 24,389,051 |
| Total assets | $ 127,329,277 | $ 193,841,844 | $ 49,845,841 | $ 8,633,815 | $ 41,165,058 | $ 1,815,703 | $ 645,957 | $ 2,426,808 | $ 218,927 | $ 425,923,230 | $ 345,169,478 |

# CITY OF LUBBOCK, TEXAS
## ENTERPRISE FUNDS

## COMBINING BALANCE SHEET

September 30, 1991
With Comparative Totals for September 30, 1990

| Liabilities and Fund Equity: | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current liabilities:** | | | | | | | | | | | |
| Accounts and vouchers payable | $ 3,550,473 | $ 220,820 | $ 65,267 | $ 36,622 | $ 29,028 | $ 13,236 | $ 225,110 | $ 418,204 | $ 3,309 | $ 4,562,069 | $ 3,733,741 |
| Due to other funds | 0 | 0 | 0 | 1,150,000 | 325,000 | 750,000 | 0 | 0 | 4,214 | 2,229,214 | 1,755,000 |
| Accrued general obligation interest | 0 | 1,212,440 | 124,726 | 0 | 0 | 6,324 | 0 | 0 | 0 | 1,343,490 | 366,595 |
| Other accrued expenses | 167,593 | 100,411 | 30,308 | 149,185 | 35,173 | 10,118 | 8,000 | 117,549 | 6,095 | 624,432 | 496,769 |
| Current portion of general obligation bonds and construction obligation payable | 0 | 3,964,523 | 1,195,927 | 115,000 | 0 | 35,000 | 101,266 | 0 | 0 | 5,411,716 | 4,625,695 |
| Total current liabilities | 3,718,066 | 5,498,194 | 1,416,228 | 1,450,807 | 389,201 | 814,678 | 334,376 | 535,753 | 13,618 | 14,170,921 | 10,977,800 |
| **Liabilities payable from restricted assets:** | | | | | | | | | | | |
| Accounts and vouchers payable | 29,456 | 397,710 | 88,440 | 2,157 | 58,177 | 0 | 0 | 0 | 0 | 575,940 | 671,917 |
| Deferred revenue | 547,000 | 193,000 | 0 | 0 | 0 | 0 | 13,907 | 0 | 5,720 | 759,627 | 0 |
| Accrued interest | 1,212,632 | 0 | 0 | 0 | 1,386 | 0 | 0 | 0 | 0 | 1,214,018 | 1,440,773 |
| Current revenue bonds payable | 4,068,900 | 605,574 | 0 | 0 | 85,000 | 0 | 0 | 0 | 0 | 4,759,474 | 3,476,898 |
| Customer deposits | 45,560 | 375,545 | 0 | 2,885 | 0 | 0 | 0 | 0 | 0 | 423,990 | 447,936 |
| Total liabilities (payable from restricted assets) | 5,903,548 | 1,571,829 | 88,440 | 5,042 | 144,563 | 0 | 13,907 | 0 | 5,720 | 7,733,049 | 6,037,524 |
| **Long-term liabilities:** | | | | | | | | | | | |
| Revenue bonds (net of current portion) | 39,257,214 | 54,892,407 | 0 | 0 | 540,000 | 0 | 0 | 0 | 0 | 94,689,621 | 52,844,630 |
| Advance from other funds | 0 | 0 | 1,750,000 | 397,600 | 0 | 41,511 | 0 | 0 | 0 | 2,189,111 | 464,111 |
| Advance from other agencies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 70,000 | 0 | 70,000 | 70,000 |
| Contracts payable – pro rata | 0 | 511,791 | 534,851 | 0 | 0 | 0 | 0 | 0 | 0 | 1,046,642 | 1,100,695 |
| Construction obligation payable | 0 | 25,217,262 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 25,217,262 | 25,887,465 |
| General obligation bonds (net of current portion) | 0 | 34,321,094 | 12,611,337 | 1,030,000 | 0 | 635,000 | 0 | 0 | 0 | 48,597,431 | 36,983,290 |
| Notes and leases payable | 0 | 0 | 4,354 | 233,955 | 0 | 0 | 1,269 | 0 | 0 | 239,578 | 75,404 |
| Accrued vacation and sick leave | 1,006,463 | 455,676 | 47,281 | 371,477 | 148,891 | 26,136 | 0 | 0 | 0 | 2,055,924 | 2,082,318 |
| Arbitrage rebate liability | 204,079 | 49,688 | 179,128 | 0 | 0 | 4,983 | 0 | 0 | 0 | 437,878 | 468,881 |
| Total long-term liabilities | 40,467,756 | 115,447,938 | 15,126,951 | 2,033,032 | 688,891 | 707,630 | 1,269 | 70,000 | 0 | 174,543,487 | 118,976,794 |
| Total liabilities | 50,089,370 | 122,517,961 | 16,631,619 | 3,488,881 | 1,222,655 | 1,522,308 | 349,552 | 605,753 | 19,338 | 196,447,437 | 135,992,118 |
| **Fund equity:** | | | | | | | | | | | |
| Contributed capital | 7,917,922 | 32,939,884 | 22,194,475 | 4,594,732 | 41,495,427 | 810,345 | 0 | 1,821,055 | 214,245 | 111,988,085 | 109,554,537 |
| Retained earnings: | | | | | | | | | | | |
| Reserved for economic development | 737,503 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 737,503 | 525,310 |
| Reserved for capital projects | 9,319,867 | 67,497,512 | 734,930 | 1,927,138 | 40,347 | 42,543 | 26,037 | 0 | 0 | 79,588,374 | 30,793,464 |
| Reserved for permanent capital maintenance | 5,499,122 | 790,385 | 919,745 | 1,690,805 | 624,231 | 205,293 | 0 | 0 | 0 | 9,729,581 | 6,625,762 |
| Reserved for system improvements | 3,682,250 | 2,472,901 | 698,777 | 0 | 41,262 | 0 | 0 | 0 | 0 | 6,895,190 | 4,964,276 |
| Reserved for rate stabilization | 0 | 7,301,516 | 2,675,815 | 0 | 0 | 0 | 0 | 0 | 0 | 9,977,331 | 4,993,058 |
| Reserved per bond indentures | 4,021,263 | 0 | 450,948 | 0 | 264,698 | 0 | 0 | 0 | 0 | 4,736,909 | 4,117,419 |
| Unreserved | 46,061,960 | (39,678,315) | 5,539,532 | (3,067,741) | (2,523,562) | (764,786) | 270,368 | 0 | (14,656) | 5,822,820 | 47,603,534 |
| Total retained earnings | 69,321,965 | 38,383,999 | 11,019,747 | 550,202 | (1,553,024) | (516,950) | 296,405 | 0 | (14,656) | 117,487,708 | 99,622,823 |
| Total fund equity | 77,239,907 | 71,323,883 | 33,214,222 | 5,144,934 | 39,942,403 | 293,395 | 296,405 | 1,821,055 | 199,589 | 229,475,793 | 209,177,360 |
| Total liabilities and fund equity | $ 127,329,277 | $ 193,841,844 | $ 49,845,841 | $ 8,633,815 | $ 41,165,058 | $ 1,815,703 | $ 645,957 | $ 2,426,808 | $ 218,927 | $ 425,923,230 | $ 345,169,478 |

# CITY OF LUBBOCK, TEXAS

## ENTERPRISE FUNDS

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY/RETAINED EARNINGS

Year Ended September 30, 1991
With Comparative Totals for September 30, 1990

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock, Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues:** | | | | | | | | | | | |
| Charges for services | $ 49,142,119 | $ 21,577,565 | $ 8,488,754 | $ 6,340,137 | $ 0 | $ 0 | $ 1,498,859 | $ 1,269,103 | $ 146,214 | $ 88,462,751 | $ 84,900,199 |
| New taps and reconnects | 0 | 244,157 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 244,157 | 203,760 |
| Effluent water sales | 0 | 0 | 594,158 | 0 | 0 | 0 | 0 | 0 | 0 | 594,158 | 561,052 |
| Commodity sales | 0 | 0 | 613,145 | 0 | 0 | 0 | 0 | 0 | 0 | 613,145 | 456,332 |
| Landing fees | 0 | 0 | 0 | 0 | 615,719 | 0 | 0 | 0 | 0 | 615,719 | 639,634 |
| Parking | 0 | 0 | 0 | 0 | 1,233,432 | 0 | 0 | 0 | 0 | 1,233,432 | 1,201,843 |
| Greenfees and memberships | 0 | 0 | 0 | 0 | 0 | 451,420 | 0 | 0 | 0 | 451,420 | 420,064 |
| Pro shop sales | 0 | 0 | 0 | 0 | 0 | 93,934 | 0 | 0 | 0 | 93,934 | 93,686 |
| Rentals | 0 | 0 | 0 | 0 | 2,112,995 | 253,090 | 0 | 0 | 0 | 2,366,085 | 2,105,305 |
| Concessions | 0 | 0 | 0 | 0 | 102,031 | 55,482 | 0 | 0 | 0 | 157,513 | 235,269 |
| Total operating revenues | 49,142,119 | 21,821,722 | 9,696,057 | 6,340,137 | 4,064,177 | 853,926 | 1,498,859 | 1,269,103 | 146,214 | 94,832,314 | 90,817,144 |
| **Operating expenses:** | | | | | | | | | | | |
| Personal services | 5,047,340 | 4,330,116 | 1,376,957 | 2,283,472 | 1,761,615 | 460,871 | 593,563 | 1,402,035 | 335,053 | 17,591,022 | 15,439,518 |
| Supplies | 478,112 | 693,209 | 538,459 | 378,218 | 161,542 | 233,506 | 212,456 | 0 | 0 | 2,695,502 | 2,116,484 |
| Maintenance | 577,620 | 853,914 | 590,759 | 1,694,967 | 286,988 | 41,595 | 2,089 | 800,475 | 0 | 4,848,407 | 4,106,745 |
| Uncollectible accounts | 0 | 127,775 | 82,871 | 86,867 | 0 | 0 | 721 | 0 | 0 | 298,234 | 912,614 |
| Purchase of fuel and power | 24,996,963 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24,996,963 | 25,390,191 |
| Collection expense | 0 | 0 | 154,580 | 154,580 | 0 | 0 | 0 | 0 | 0 | 309,160 | 285,624 |
| Other services and charges | 2,125,118 | 3,767,975 | 1,393,977 | 351,518 | 1,408,264 | 59,047 | 597,723 | 957,345 | 0 | 10,660,967 | 10,506,211 |
| Depreciation and amortization | 3,061,867 | 2,042,675 | 1,311,098 | 814,618 | 1,424,759 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 | 8,081,316 |
| Total operating expenses | 36,287,020 | 11,815,664 | 5,448,701 | 5,764,240 | 5,043,168 | 960,283 | 1,444,314 | 3,299,622 | 373,253 | 70,436,265 | 66,838,703 |
| Operating income (loss) | 12,855,099 | 10,006,058 | 4,247,356 | 575,897 | (978,991) | (106,357) | 54,545 | (2,030,519) | (227,039) | 24,396,049 | 23,978,441 |
| **Nonoperating revenues (expenses):** | | | | | | | | | | | |
| Interest | 2,927,837 | 4,129,966 | 615,110 | 211,152 | 153,978 | 11,025 | 12,557 | 0 | 0 | 8,061,625 | 5,568,723 |
| Disposition of properties | (63,448) | (91,541) | 103,819 | 140,959 | (10,112) | (19,168) | 0 | (9,084) | 0 | 51,425 | (117,071) |
| Miscellaneous income | 382,717 | 11,738 | 1,240 | 9,341 | 122,371 | 7,508 | 0 | 0 | 0 | 534,915 | 454,205 |
| Interest on bonds and notes | (2,944,267) | (5,744,140) | (968,469) | (42,304) | (37,534) | (56,666) | (12,413) | (5,336) | 0 | (9,811,129) | (8,964,812) |
| Cash grants and reimbursements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,486,430 | 85,000 | 1,571,430 | 1,303,895 |
| Total nonoperating revenues (expenses) | 302,839 | (1,693,977) | (248,300) | 319,148 | 228,703 | (57,301) | 144 | 1,472,010 | 85,000 | 408,266 | (1,755,060) |
| Income (loss) before operating transfers | 13,157,938 | 8,312,081 | 3,999,056 | 895,045 | (750,288) | (163,658) | 54,689 | (558,509) | (142,039) | 24,804,315 | 22,223,381 |
| **Transfers:** | | | | | | | | | | | |
| Operating transfers in | 0 | 4,355,742 | 2,270,915 | 0 | 0 | 87,168 | 0 | 409,658 | 89,183 | 7,212,666 | 7,774,771 |
| Operating transfers (out) | (5,087,836) | (6,124,658) | (2,843,313) | (186,822) | (421,490) | (87,168) | 0 | 0 | 0 | (14,751,287) | (13,865,407) |
| Total transfers in (out) | (5,087,836) | (1,768,916) | (572,398) | (186,822) | (421,490) | 0 | 0 | 409,658 | 89,183 | (7,538,621) | (6,090,636) |
| Net income (loss) | 8,070,102 | 6,543,165 | 3,426,658 | 708,223 | (1,171,778) | (163,658) | 54,689 | (148,851) | (52,856) | 17,265,694 | 16,132,745 |
| Depreciation on fixed assets acquired by contributions | 0 | 205 | 133 | 0 | 411,802 | 0 | 0 | 148,851 | 38,200 | 599,191 | 519,695 |
| Retained earnings at beginning of year | 61,251,883 | 31,840,629 | 7,592,956 | (158,021) | (793,048) | (353,292) | 241,716 | 0 | 0 | 99,622,823 | 82,970,383 |
| Retained earnings at end of year | 69,321,985 | 38,383,999 | 11,019,747 | 550,202 | (1,553,024) | (516,950) | 296,405 | 0 | (14,656) | 117,487,708 | 99,622,823 |
| Contributions at beginning of year | 7,917,922 | 32,686,300 | 21,965,080 | 4,594,732 | 39,943,493 | 810,345 | 0 | 1,636,665 | 0 | 109,554,537 | 107,009,706 |
| Capital contributions | 0 | 253,789 | 229,528 | 0 | 1,963,736 | 0 | 0 | 333,241 | 252,445 | 3,032,739 | 3,064,526 |
| Depreciation on Contributed Capital | 0 | (205) | (133) | 0 | (411,802) | 0 | 0 | (148,851) | (38,200) | (599,191) | (519,695) |
| Contributions at end of year | 7,917,922 | 32,939,884 | 22,194,475 | 4,594,732 | 41,495,427 | 810,345 | 0 | 1,821,055 | 214,245 | 111,988,085 | 109,554,537 |
| Total equity at end of year | $ 77,239,907 | $ 71,323,883 | $ 33,214,222 | $ 5,144,934 | $ 39,942,403 | $ 293,395 | $ 296,405 | $ 1,821,055 | $ 199,589 | $ 229,475,793 | $ 209,177,360 |

# CITY OF LUBBOCK, TEXAS

## ENTERPRISE FUNDS

### COMBINING STATEMENT OF CASH FLOWS

### Years Ended September 30, 1991 and 1990

| | Electric Fund | Water Fund | Sewer Fund | Solid Waste Fund | Airport Fund | Golf Fund | Civic Lubbock Inc. | Citibus Fund | Center for Innovation | Totals 1991 | Totals 1990 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | | | | | | | | |
| Operating income (loss) | $ 12,855,099 | $ 10,006,058 | $ 4,247,356 | $ 575,897 | $ (978,991) | $ (106,357) | $ 54,545 | $ (2,030,519) | $ (227,039) | $ 24,396,049 | $ 23,975,153 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | | | | | | | | |
| Depreciation | 3,061,867 | 2,042,675 | 1,311,096 | 814,616 | 1,424,759 | 165,264 | 37,762 | 139,767 | 38,200 | 9,036,010 | 8,061,316 |
| Other income | 382,717 | 11,738 | 1,240 | 9,341 | 122,371 | 7,508 | 0 | 0 | 0 | 534,915 | 457,492 |
| Increase (decrease) in long-term payables not requiring cash flow | (54,646) | (676,073) | 1,741,113 | (31,140) | 22,969 | (3,667) | 0 | 0 | 0 | 998,556 | 584,976 |
| Change in current assets and liabilities: | | | | | | | | | | | |
| Accounts receivable (net) | 381,045 | 222,793 | 119,661 | (26,709) | (146,599) | (2,752) | 1,122 | (83,126) | (7,514) | 435,919 | 2,531,790 |
| Inventory (net) | 1,097 | (50,862) | 0 | 0 | 0 | (2,118) | 4,435 | (28,041) | 0 | (75,509) | 50,391 |
| Due from other governments (net) | 0 | (1,895,731) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1,895,731) | (37,069) |
| Prepaid expenses (net) | 0 | 0 | 0 | 0 | 0 | 0 | (29,609) | (39,259) | 0 | (68,868) | 43,685 |
| Accounts payable (net) | 183,494 | 249,158 | 70,573 | 14,462 | 3,465 | (7,879) | 132,700 | 47,970 | 9,404 | 703,347 | (4,530,346) |
| Due to other funds (net) | 0 | 0 | (280,000) | 100,000 | 325,000 | 325,000 | 0 | 0 | 4,214 | 474,214 | (70,000) |
| Other accrued expenses (net) | 37,328 | 21,719 | 8,527 | 36,571 | 7,508 | (2,528) | 0 | 4,443 | 0 | 113,568 | (67,946) |
| Sales tax payable (net) | 35,099 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,099 | (147,041) |
| Customer deposits (net) | (9,075) | (15,056) | 0 | 185 | 0 | 0 | 0 | 0 | 0 | (23,946) | (36,939) |
| Deferred revenue (net) | 547,000 | 193,000 | 0 | 0 | 0 | 0 | 21,907 | 0 | 5,720 | 767,627 | 0 |
| Net cash provided (used) by operating activities | 17,401,025 | 10,109,399 | 7,219,568 | 1,493,225 | 778,482 | 372,471 | 222,862 | (1,986,767) | (177,015) | 35,431,250 | 30,835,441 |
| **Cash flows from capital and related financing activities:** | | | | | | | | | | | |
| Payment for gas reserves | (3,496) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3,496) | (40,073) |
| Purchase of property, plant and equipment | (8,553,703) | (10,467,951) | (11,979,838) | (1,767,267) | (7,684,261) | (278,245) | (30,990) | 0 | (249,613) | (41,011,868) | (45,126,978) |
| Sale of property, plant and equipment | 3,895,328 | 810,560 | 2,795,030 | 1,156,233 | 4,629,132 | 135,775 | 0 | 0 | 0 | 13,422,058 | 17,635,802 |
| Payments on leases | 0 | 0 | (5,562) | (45,006) | 0 | (62,537) | 0 | 0 | 0 | (113,105) | (33,275) |
| Principal paid on revenue bonds | (3,220,418) | (752,015) | 0 | 0 | (85,000) | 0 | 0 | 0 | 0 | (4,057,433) | (3,321,866) |
| Interest paid on revenue bonds | (3,170,836) | (2,467,072) | 0 | 0 | (37,720) | 0 | 0 | 0 | 0 | (5,675,628) | (3,802,753) |
| Issuance of revenue bonds | 7,500,000 | 39,685,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 47,185,000 | 16,564,996 |
| Principal paid on general obligation bonds | 0 | (2,476,399) | (1,211,554) | 0 | 0 | (35,000) | 0 | 0 | 0 | (3,722,953) | (3,915,545) |
| Interest paid on general obligation bonds | 0 | (2,286,084) | (982,406) | (42,304) | 0 | (56,818) | 0 | 0 | 0 | (3,367,612) | (5,330,742) |
| Issuance of general obligation bonds | 0 | 16,000,000 | 0 | 1,145,000 | 0 | 0 | 0 | 0 | 0 | 17,145,000 | 0 |
| Principal paid on long-term debt | 0 | (30,189) | 0 | 0 | 0 | 0 | (23,567) | 0 | 0 | (53,756) | (568,312) |
| Interest paid on long-term debt | 0 | 0 | 0 | 0 | 0 | 0 | (12,413) | (5,336) | 0 | (17,749) | (11,786) |
| Proceeds from long-term debt | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 135,035 |
| Payment on advance from general fund | 0 | 0 | 0 | 0 | 0 | (25,000) | 0 | 0 | 0 | (25,000) | (25,000) |
| Contributed capital | 0 | 253,789 | 229,529 | 0 | 1,963,736 | 0 | 0 | 0 | 252,445 | 2,699,499 | 2,923,960 |
| Net cash provided (used) for capital and related financing activities: | (3,553,127) | 38,269,639 | (11,154,801) | 446,656 | (1,214,133) | (321,825) | (66,970) | (5,336) | 2,832 | 22,402,935 | (24,938,537) |
| **Cash flows from noncapital and related financing activities:** | | | | | | | | | | | |
| Operating transfers in from other funds | 0 | 4,355,742 | 2,270,915 | 0 | 0 | 87,168 | 0 | 409,658 | 89,183 | 7,212,666 | 7,774,771 |
| Operating transfers out to other funds | (5,087,636) | (6,124,658) | (2,843,313) | (186,822) | (421,490) | (87,168) | 0 | 0 | 0 | (14,751,287) | (13,865,407) |
| Cash grants and reimbursements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,486,430 | 85,000 | 1,571,430 | 1,303,895 |
| Net cash used for noncapital and related financing activities: | (5,087,636) | (1,768,916) | (572,398) | (186,822) | (421,490) | 0 | 0 | 1,896,088 | 174,183 | (5,967,191) | (4,786,741) |
| **Cash flows from investing activities:** | | | | | | | | | | | |
| Interest earnings on cash and investments | 3,129,340 | 4,325,298 | 655,838 | 226,202 | 170,966 | 10,611 | 12,379 | 0 | 0 | 8,532,854 | 5,616,861 |
| Net cash provided (used) by investing activities | 3,129,340 | 4,325,298 | 655,838 | 226,202 | 170,966 | 10,611 | 12,379 | 0 | 0 | 8,532,854 | 5,616,861 |
| Net increase (decrease) in pooled cash and cash equivalents | 11,889,402 | 50,935,420 | (3,851,793) | 1,981,261 | (686,155) | 61,457 | 168,271 | (98,015) | 0 | 60,399,848 | 6,727,024 |
| Pooled cash and cash equivalents at beginning of year | 27,742,664 | 28,733,182 | 10,143,847 | 1,675,809 | 2,009,193 | 221,697 | 201,125 | 110,685 | 0 | 70,838,202 | 64,111,178 |
| Pooled cash and cash equivalents at end of year | $ 39,632,066 | $ 79,668,602 | $ 6,292,054 | $ 3,657,070 | $ 1,323,038 | $ 283,154 | $ 369,396 | $ 12,670 | $ 0 | $ 131,238,050 | $ 70,838,202 |

Non-cash investing, capital and financing activities:

A capital lease obligation of $278,961 was incurred in October when the City entered into a lease of new equipment for the Solid Waste fund.

Electric revenue bonds in the amount of $9,424,963 were issued to advance refund a portion of the 1982 and 1984 electric revenue bonds.

## APPENDIX C

FORM OF BOND COUNSEL'S OPINION

FULBRIGHT & JAWORSKI
2200 ROSS AVENUE
SUITE 2800
DALLAS, TEXAS 75201

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WRITER'S DIRECT DIAL NUMBER:

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ZURICH
HONG KONG

May 6, 1992

IN REGARD to the authorization and issuance of the "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992" (the "Bonds"), dated April 1, 1992 (the "Bond Date"), in the aggregate original principal amount of $24,035,000 by the City of Lubbock, Texas (the "City"), which Bonds are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a maturity), have stated maturities of February 15, 1993 through February 15, 2003, unless redeemed prior to maturity in accordance with the terms stated in the Bonds, and bear interest on the unpaid principal amount from the Bond Date at the rates per annum stated in the ordinance authorizing the issuance of the Bonds (the "Ordinance"), such interest being payable on February 15 and August 15 in each year, commencing February 15, 1993, to the registered owners appearing on the registration books of the Paying Agent/Registrar on the Record Date (stated on the face of the Bonds).

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Bonds under the Constitution and laws of the State of Texas, the defeasance and discharge of the City's outstanding obligations being refunded by the Bonds, and with respect to the exclusion of the interest on the Bonds from gross income for federal income tax purposes and none other. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City and have not assumed any responsibility with respect thereto.

OUR EXAMINATIONS into the legality and validity of the Bonds included a review of the applicable and pertinent provisions of the Constitution and laws of the State of Texas, the Special Escrow Agreement (the "Escrow Agreement") between the City and Texas Commerce Bank National Association (the "Escrow Agent"), a special report of KPMG Peat Marwick, Certified Public

Accountants (the "Accountants"), a transcript of certified proceedings of the City relating to the authorization and issuance of the Bonds, including the Ordinance, customary certifications and opinions of officials of the City and other pertinent showings, and an examination of the Bond executed and delivered initially by the City, which we found to be in due form and properly executed.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution, and delivery thereof by the Escrow Agent, is a binding and enforceable agreement in accordance with its terms (except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity) and the outstanding obligations refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in trust with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Article 717k, V.A.T.C.S., as amended. In rendering this opinion, we have relied upon the verification by the Accountants of the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that the Bonds have been duly authorized by the City in compliance with the Constitution and laws of the State of Texas now in force, and the Bonds issued in compliance with the provisions of the Ordinance are valid, legally binding and enforceable obligations of the City, payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds and the report of the Accountants, interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof, of the owners thereof pursuant to section 103 of such Code, existing regulations, published rulings, and court decisions thereunder, and (2) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on all tax-exempt obligations, such as the Bonds, owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989 for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit (REMIC), or a real estate investment trust (REIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax and the environmental tax imposed by Sections 55 and 59A of the Code, respectively, will be computed for tax years beginning after December 31, 1986.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

SPECIAL ESCROW AGREEMENT

THE STATE OF TEXAS §
§
COUNTY OF LUBBOCK §

THIS SPECIAL ESCROW AGREEMENT (the "Agreement"), made and entered into as of April 10, 1992, by and between the City of Lubbock, Texas, a duly incorporated municipal corporation in Lubbock County, Texas (the "City") acting by and through the Mayor and City Secretary, and Texas Commerce Bank National Association, Lubbock, Texas, a banking association organized and existing under the laws of the United States of America, or its successors or assigns hereunder (the "Bank"),

W I T N E S S E T H :

WHEREAS, the City has duly issued certain obligations now outstanding in the aggregate amount $23,015,000 (hereinafter referred to as the "Refunded Obligations") and more particularly described as follows:

| | |
|---|---|
| (1) City of Lubbock, Texas, General Obligation Bonds, Series 1983, dated May 15, 1983, maturing on February 15, 1994 through February 15, 2003, and aggregating in principal amount of | $ 9,500,000 |
| (2) City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1985, dated November 15, 1985, maturing on February 15, 1996 through February 15, 1999, and aggregating in principal amount of | $13,515,000 |

AND WHEREAS, in accordance with the provisions of Article 717k, V.A.T.C.S., as amended (the "Act"), the City is authorized to sell refunding bonds in an amount sufficient to provide for the payment of obligations to be refunded, deposit the proceeds of such refunding bonds with any place of payment for the obligations being refunded and enter into an escrow or similar agreement with such place of payment for the safekeeping, investment, reinvestment, administration and disposition of such deposit, upon such terms and conditions as the parties may agree, provided such deposits may be invested only in direct obligations of the United States of America, including obligations the principal of and interest on which

are unconditionally guaranteed by the United States of America, and which may be in book entry form and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of such obligations; and

WHEREAS, the Refunded Obligations are scheduled to mature, or be redeemed, and interest thereon is payable on the dates and in the manner set forth in Exhibit A attached hereto and incorporated herein by reference as a part of this Agreement for all purposes; and

WHEREAS, the City on the 10th day of April, 1992, pursuant to an ordinance (the "Bond Ordinance") passed and adopted by the City Council, authorized the issuance of bonds known as "City of Lubbock, Texas, General Obligation Refunding Bonds, Series 1992" (the "Bonds"), and such Bonds are being issued to refund, discharge and make final payment of the principal of and interest on the Refunded Obligations; and

WHEREAS, upon the delivery of the Bonds, the proceeds of sale are to be used in part to purchase United States Government Obligations (the "Open Market Securities" or "Federal Securities"), and such Federal Securities shall be immediately credited to and deposited into the "Escrow Fund" to be held by the Bank in accordance with this Agreement; and

WHEREAS, a list and description of the Federal Securities to be purchased and held for the account of the Escrow Fund is attached hereto as Exhibit B, which Exhibit B is hereby incorporated by reference and made a part of this Agreement for all purposes; and

WHEREAS, the Federal Securities, together with the beginning cash balance, if any, in the Escrow Fund, shall mature and the interest thereon shall be payable at such times to insure the existence of moneys sufficient to pay the principal amount of the Refunded Obligations and the accrued interest thereon, as the same shall become due in accordance with the terms of the ordinances authorizing the issuance of the Refunded Obligations and as set forth in Exhibit A attached hereto; and

WHEREAS, the City has completed all arrangements for the purchase of the Federal Securities and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, the Bank is a banking association organized and existing under the laws of the United States of America, possessing trust powers and is fully qualified and empowered to enter into this Agreement; and

WHEREAS, in Section 16 of the Bond Ordinance, the City Council duly approved and authorized the execution of this Agreement; and

WHEREAS, the City and the Escrow Agent, as the case may be, shall take all action necessary to call, pay, redeem and retire said Refunded Obligations in accordance with the provisions thereof, including, without limitation, all actions required by the ordinance authorizing the Refunded Obligations, the Act, the Bond Ordinance and this Agreement;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and to secure the payment of the principal of and the interest on the Refunded Obligations as the same shall become due, the City and the Bank hereby mutually undertake, promise and agree as follows:

SECTION 1: Receipt of Ordinances. Receipt of true and correct copies of the ordinances authorizing the issuance of the Refunded Obligations and the Bond Ordinance are hereby acknowledged by the Bank. Reference herein to or citation herein of any provision of said documents shall be deemed an incorporation of such provision as a part hereof in the same manner and with the same effect as if it were fully set forth herein.

SECTION 2: Escrow Fund Creation/Funding. There is hereby created by the City with the Bank a special segregated and irrevocable trust fund designated "SPECIAL CITY OF LUBBOCK, TEXAS, REFUNDING BOND ESCROW FUND" (hereinafter called the "Escrow Fund") for the benefit of the holders of the Refunded Obligations, and, immediately following the delivery of the Bonds, the City agrees and covenants to cause to be deposited with the Bank the following amounts:

| | |
|---|---|
| \$24,499,439.28 | for the purchase of the Open Market Securities identified in Exhibit B to be held for the account of the Escrow Fund; and |
| \$ 1,310.72 | for deposit in the Escrow Fund as a beginning cash balance. |

The Bank hereby accepts the Escrow Fund and further agrees to receive said moneys, apply the same as set forth herein, and to hold the cash and Federal Securities deposited and credited to the Escrow Fund for application and disbursement for the purposes and in the manner provided in this Agreement.

SECTION 3: Escrow Fund Sufficiency Warranty. The City hereby represents that the cash and Federal Securities, together with the interest to be earned thereon, deposited to the credit of the Escrow Fund will be sufficient to pay the principal of and premium and interest on the Refunded Obligations as the same shall become due and payable, and such Refunded Obligations, and the interest thereon, are to mature or be redeemed and shall be paid at the times and in the amounts set forth and identified in Exhibit A attached hereto.

SECTION 4: Pledge of Escrow. The Bank agrees that all cash and Federal Securities, together with any income or interest earned thereon, held in the Escrow Fund shall be and is hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations which will mature and become due on and after the date of this Agreement, and such funds initially deposited and to be received from maturing principal and interest on the Federal Securities in the Escrow Fund shall be applied solely in accordance with the provisions of this Agreement.

SECTION 5: Escrow Insufficiency - City Warranty to Cure. If, for any reason, the funds on hand in the Escrow Fund shall be insufficient to make the payments set forth in Exhibit A attached hereto, as the same becomes due and payable, the City shall make timely deposits to the Escrow Fund, from lawfully available funds, of additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be immediately given by the Bank to the City by the fastest means possible, but the Bank shall in no manner be responsible for the City's failure to make such deposits.

SECTION 6: Escrow Fund Securities/Segregation. The Bank shall hold said Federal Securities and moneys in the Escrow Fund at all times as a special and separate trust fund for the benefit of the holders of the Refunded Obligations, wholly segregated from other moneys and securities on deposit with the Bank; shall never commingle said Federal Securities and moneys with other moneys or securities of the Bank; and shall hold and dispose of the assets therein only as set forth herein. Nothing herein contained shall be construed as requiring the Bank to keep the identical moneys, or any part thereof, in said Escrow Fund, if it is impractical, but moneys of an equal amount, except to the extent such are represented by the Federal Securities, shall always be maintained on deposit in the Escrow Fund by the Bank, as trustee; and a special account evidencing such facts shall at all times be maintained on the books of the Bank.

SECTION 7: Escrow Fund Collections/Payments. The Bank shall from time to time collect and receive the principal of and interest on the Federal Securities as they respectively mature and become due and credit the same to the Escrow Fund. On or before each principal and/or interest payment date or redemption date, as the case may be, for the Refunded Obligations shown in Exhibit A attached hereto, the Bank, without further direction from anyone, including the City, shall cause to be withdrawn from the Escrow Fund the amount required to pay the accrued interest on the Refunded Obligations due and payable on said payment date and the principal of the Refunded Obligations due and payable on said payment date or redemption date, as the case may be, and the amount withdrawn from the Escrow Fund shall be immediately transmitted and deposited with the paying agent for the Refunded Obligations to be paid with such amount. The paying agent for the Refunded Obligations is the Bank.

If any Refunded Obligation or interest coupon thereon shall not be presented for payment when the principal thereof or interest thereon shall have become due, and if cash shall at such times be held by the Bank in trust for that purpose sufficient and available to pay the principal of such Refunded Obligation and interest thereon it shall be the duty of the Bank to hold said cash without liability to the holder of such Refunded Obligation for interest thereon after such maturity or redemption date, in trust for the benefit of the holder of such Refunded Obligation, who shall thereafter be restricted exclusively to said cash for any claim of whatever nature on his part on or with respect to said Refunded Obligation, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Refunded Obligations, including interest thereon, shall be applied to and used solely for the payment of the Refunded Obligations and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 25 hereof, cash held by the Bank in trust for the payment and discharge of any of the Refunded Obligations and interest thereon which remains unclaimed for a period of four (4) years after the stated maturity date or redemption date of such Refunded Obligations shall be returned to the City. Notwithstanding the above and foregoing, any remittance of funds from the Bank to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

SECTION 8: Disposal of Refunded Obligations. All Refunded Obligations cancelled on account of payment by the Bank shall be disposed of or otherwise destroyed by the Bank, and an appropriate certificate of destruction furnished the City.

SECTION 9: Escrow Fund Encumbrance. The escrow created hereby shall be irrevocable and the holders of the Refunded Obligations shall have an express lien on all moneys and Federal Securities in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

Unless disbursed in payment of the Refunded Obligations, all funds and the Federal Securities received by the Bank for the account of the City hereunder shall be and remain the property of the Escrow Fund and the City and the owners of the Refunded Obligations shall be entitled to a preferred claim and shall have a first lien upon such funds and Federal Securities enjoyed by a trust beneficiary. The funds and Federal Securities received by the Bank under this Agreement shall not be considered as a banking deposit by the City and the Bank and the City shall have no right or title with respect thereto, except as otherwise provided herein. Such funds and Federal Securities shall not be subject to checks or drafts drawn by the City.

SECTION 10: Absence of Bank Claim/Lien on Escrow Fund. The Bank shall have no lien whatsoever upon any of the moneys or Federal Securities in the Escrow Fund for payment of services rendered hereunder, services rendered as paying agent/registrar for the Refunded Obligations, or for any costs or expenses incurred hereunder and reimbursable from the City.

SECTION 11: Substitution of Investments/Reinvestments. (a) The Bank shall be authorized to accept initially and temporarily cash and/or substituted securities pending the delivery of the Federal Securities identified in the Exhibit B attached hereto, or shall be authorized to redeem the Federal Securities and reinvest the proceeds thereof, together with other moneys held in the Escrow Fund in noncallable direct obligations of the United States of America provided such early redemption and reinvestment of proceeds does not change the repayment schedule of the Refunded Obligations appearing in Exhibit A and the Bank receives the following:

> (1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities for one or more of the Federal Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the redemption of one or more of the Federal Securities and the reinvestment of such funds in one or more substituted securities (which shall be noncallable direct obligations of the United States of America), together with the interest thereon and other available moneys then held in the Escrow Fund, will, in either case, be sufficient to pay, as the same

become due in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) with respect to an early redemption of Federal Securities and the reinvestment of the proceeds thereof, an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Refunded Obligations to be included in the gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such investment, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation and (b) such reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations and the Bonds.

(b) Notwithstanding the above and foregoing and subject to the availability of securities meeting the restrictions hereinafter identified, the Bank agrees to reinvest the amount of the cash balance in the Escrow Fund on August 15, 1992, as shown on Exhibit C, in one or more non-callable direct obligations of the United States of America maturing on or prior to the respective debt service payment dates such funds are needed to pay the Refunded Obligations and at a purchase price not in excess of the par or principal amount of such obligations. Furthermore, the rate on such direct obligations shall not exceed a zero percentage rate. In the event the Bank is not able to invest such cash balances in accordance with the restrictions and limitations noted in the preceding sentence, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Refunded Obligations and used for the payment of the Refunded Obligations on the respective payment dates.

SECTION 12: Restriction on Escrow Fund Investments - Reinvestment. Except as provided in Section 11 hereof, moneys in the Escrow Fund will be invested only in the Federal Securities listed in Exhibits B and C and neither the City nor the Bank shall reinvest any moneys deposited in the Escrow Fund except as specifically provided by this Agreement.

SECTION 13: Excess Funds. If at any time through redemption or cancellation of the Refunded Obligations there exists or will exist excesses of interest on or maturing principal of the Federal Securities in excess of the amounts necessary hereunder for the Refunded Obligations, the Bank may transfer such excess amounts to or on the order of the City, provided that the City delivers to the Bank the following:

(1) an opinion by an independent certified public accountant that after the transfer of such excess, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available moneys then held in the Escrow Fund, will be sufficient to pay, as the same become due, in accordance with Exhibit A, the principal of, and interest on, the Refunded Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such transfer will not cause interest on the Bonds or the Refunded Obligations to be included in gross income for federal income tax purposes, under the Code and related regulations as in effect on the date of such transfer, or otherwise make the interest on the Bonds or the Refunded Obligations subject to Federal income taxation, and (b) such transfer complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations or the Bonds.

SECTION 14: Collateralization. The Bank shall continuously secure the moneys in the Escrow Fund not invested in Federal Securities by a pledge of direct obligations of the United States of America, in the par or face amount at least equal to the principal amount of said uninvested moneys to the extent such money is not insured by the Federal Deposit Insurance Corporation.

SECTION 15: Absence of Bank's Liability for Investments. The Bank shall not be liable or responsible for any loss resulting from any investment made in the Federal Securities or substitute securities as provided in Section 11 hereof.

SECTION 16: Bank's Compensation - Escrow Administration/ Settlement of Paying Agent's Charges. The City agrees to pay the Bank for the performance of services hereunder and as reimbursement for anticipated expenses to be incurred hereunder the amount of $3,650 and, except for reimbursement of costs and expenses incurred by the Bank pursuant to Sections 3, 11, and 19 hereof, the Bank hereby agrees said amount is full and complete payment for the administration of this Agreement.

The City also agrees to deposit with the Bank on the effective date of this Agreement, the sum of $7,800, which deposit is the total charges due all paying agents for the Refunded Obligations, and the Bank acknowledges and agrees that the above amount is and represents the total amount of

compensation due the Bank for services rendered as paying agent for the Refunded Obligations. The Bank hereby agrees to pay, assume and be fully responsible for any additional charges that it may incur in the performance of its duties and responsibilities as paying agent for the Refunded Obligations.

The City acknowledges and agrees that the above amount deposited with the Escrow Agent to cover paying agents' charges and expenses does not include amounts which shall become due and payable for services rendered as registrar and transfer agent for fully registered Refunded Obligations, and the City agrees to pay directly to each "registrar" for the Refunded Obligations all reasonable costs, expenses and charges incurred in connection with the maintenance of the registration books and records and the transfer of such fully registered obligations as and when such costs, expenses and charges are incurred and against written invoices, statements or bills submitted therefor.

SECTION 17: Escrow Agent's Duties / Responsibilities/ Liability. The Bank shall not be responsible for any recital herein, except with respect to its organization and its powers and authority. As to the existence or nonexistence of any fact relating to the City or as to the sufficiency or validity of any instrument, paper or proceedings relating to the City, the Bank shall be entitled to rely upon a certificate signed on behalf of the City by its City Manager, Assistant City Manager for Financial Services, or Mayor and/or City Secretary of the City as sufficient evidence of the facts therein contained. The Bank may accept a certificate of the City Secretary under the City's seal, to the effect that a resolution or other instrument in the form therein set forth has been adopted by the City Council of the City, as conclusive evidence that such resolution or other instrument has been duly adopted and is in full force and effect.

The duties and obligations of the Bank shall be determined solely by the express provisions of this Agreement and the Bank shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Bank.

In the absence of bad faith on the part of the Bank, the Bank may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Bank, conforming to the requirements of this Agreement; but notwithstanding any provision of this Agreement to the contrary, in the case of any such certificate or opinion or any evidence which by any provision hereof is specifically required to be furnished to the Bank, the Bank shall be under a duty to examine the same to determine whether it conforms to the requirements of this Agreement.

The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Bank unless it shall be proved that the Bank was negligent in ascertaining or acting upon the pertinent facts.

The Bank shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all said Refunded Obligations at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bank not in conflict with the intent and purpose of this Agreement. For the purposes of determining whether the holders of the required principal amount of said Refunded Obligations have concurred in any such direction, Refunded Obligations owned by any obligor upon the Refunded Obligations, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with such obligor, shall be disregarded, except that for the purposes of determining whether the Bank shall be protected in relying on any such direction only Refunded Obligations which the Bank knows are so owned shall be so disregarded.

The term "Responsible Officers" of the Bank, as used in this Agreement, shall mean and include the Chairman of the Board of Directors, the President, any Vice President and any Second Vice President, the Secretary and any Assistant Secretary, the Treasurer and any Assistant Treasurer, and every other officer and assistant officer of the Bank customarily performing functions similar to those performed by the persons who at the time shall be officers, respectively, or to whom any corporate trust matter is referred, because of his knowledge of and familiarity with a particular subject; and the term "Responsible Officer" of the Bank, as used in this Agreement, shall mean and include any of said officers or persons.

SECTION 18: Limitation Re: Bank's Duties/Responsibilities/ Liabilities to Third Parties. The Bank shall not be responsible or liable to any person in any manner whatever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the City, or for the identity or authority of any person making or executing this Agreement for and on behalf of the City. The Bank is authorized by the City to rely upon the representations of the City with respect to this Agreement and the deposits made pursuant hereto and as to the City's right and power to execute and deliver this Agreement, and the Bank shall not be liable in any manner as a result of such reliance. The duty of the Bank hereunder shall only be to the City and the holders of the Refunded Obligations. Neither the City nor the Bank shall assign or attempt to assign or transfer any interest hereunder or any portion of any such interest. Any such assignment or attempted assignment shall be in direct conflict with this Agreement and be without effect.

SECTION 19: Interpleader. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon Bank growing out of or relating to this Agreement or in the event that the Bank in good faith is in doubt as to what action should be taken hereunder, the City expressly agrees and consents that the Bank shall have the absolute right at its election to:

(a) Withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) File a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves.

In the event the Bank becomes involved in litigation in connection with this Section, the City to the extent permitted by law agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses and attorney fees suffered or incurred by the Bank as a result thereof. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Lubbock, Texas.

The Bank may advise with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

SECTION 20: Accounting - Annual Report. Promptly after September 30th of each year, commencing with the year 1992, so long as the Escrow Fund is maintained under this Agreement, the Bank shall forward by letter to the City, to the attention of the City Administrator, or other designated official of the City, a statement in detail of the Federal Securities and moneys held, and the current income and maturities thereof, and the withdrawals of money from the Escrow Fund for the preceding 12 month period ending September 30th of each year.

SECTION 21: Notices. Any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed as follows:

CITY OF LUBBOCK, TEXAS

P. O. Box 2000
Lubbock, Texas 79457

Attention: Assistant City Manager
for Financial Services

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

P. O. Box 841
Lubbock, Texas 79408

Attention: Corporate Trust Division

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery.

Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof.

SECTION 22: Performance Date. Whenever under the terms of this Agreement the performance date of any provision hereof, including the date of maturity of interest on or principal of the Refunded Obligations, shall be a Sunday or a legal holiday or a day on which the Bank is authorized by law to close, then the performance thereof, including the payment of principal of and interest on the Refunded Obligations, need not be made on such date but may be performed or paid, as the case may be, on the next succeeding business day of the Bank with the same force and effect as if made on the date of performance or payment and with respect to a payment, no interest shall accrue for the period after such date.

SECTION 23: Warranty of Parties Re: Power to Execute and Deliver Escrow Agreement. The City covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement, in any and every said Refunded Obligation as executed, authenticated and delivered and in all proceedings pertaining thereto as said Refunded Obligations shall have been modified as provided in this Agreement. The City covenants that it is duly authorized under the Constitution and laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of said Refunded Obligations as provided herein and the execution and delivery of this Agreement have been duly and effectively taken and that said Refunded Obligations and coupons in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the City according to the import thereof as provided in this Agreement.

SECTION 24: Severability. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

SECTION 25: Termination. This Agreement shall terminate when the Refunded Obligations, including interest due thereon, have been paid and discharged in accordance with the provisions of this Agreement. If any Refunded Obligations are not presented for payment when due and payable, the nonpayment thereof shall not prevent the termination of this Agreement. Funds for the payment of any nonpresented Refunded Obligations and accrued interest thereon shall upon termination of this Agreement be held by the Bank for such purpose in accordance with Section 7 hereof. Any moneys or Federal Securities held in the Escrow Fund at termination and not needed for the payment of the principal of or interest on any of the Refunded Obligations shall be paid or transferred to the City.

SECTION 26: Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Bank by this Agreement.

SECTION 27: Successors/Assignments. (a) Should the Bank not be able to legally serve or perform the duties and obligations under this Agreement, or should the Bank be declared to be insolvent or closed for any reason by federal or state regulatory authorities or a court of competent jurisdiction, the City, upon being notified or discovering the Bank's inability or disqualification to serve hereunder, shall forthwith appoint a successor to replace the Bank, and upon being notified of such appointment, the Bank shall (i) transfer all funds and securities held hereunder, together with all books, records and accounts relating to the Escrow Fund and the Refunded Obligations, to such successor and (ii) assign all rights, duties and obligations under this Agreement to such successor. If the City should fail to appoint such a successor within ninety (90) days from the date the City discovers, or is notified of, the event or circumstance causing the Bank's inability or disqualification to serve hereunder, the Bank, or a bondholder of the Refunded Obligations, may apply to a court of competent jurisdiction to appoint a successor or assigns of the Bank and such court, upon determining the Bank is unable to continue to serve, shall appoint a successor to serve under this Agreement and the amount of compensation, if any, to be paid to such successor for the remainder of the term of this Agreement for services to be rendered both for administering the Escrow Fund and for paying agent duties and responsiblities for the Refunded Obligations.

(b) Furthermore, the Bank may resign and be discharged from performing its duties and responsibilities under this Agreement upon notifying the City in writing of its intention to resign and requesting the City to appoint a successor. No such resignation shall take effect until a successor has been appointed by the City and such successor has accepted such appointment and agreed to perform all duties and obligations hereunder for a total compensation equal to the unearned proportional amount paid the Bank under Section 16 hereof for the administration of this Agreement and the unearned proportional amount of the paying agents fees for the Refunded Obligations due the Bank.

Any successor to the Bank shall be a bank, trust company or other financial institution authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or the State of Texas, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least $5,000,000 and be subject to the supervision or examination by Federal or State authority.

Any successor or assigns to the Bank shall execute, acknowledge and deliver to the City and the Bank, or its successor or assigns, an instrument accepting such appointment hereunder, and the Bank shall execute and deliver an instrument transferring to such successor, subject to the terms of this Agreement, all the rights, powers and trusts created and established and to be performed under this Agreement. Upon the request of any such successor Bank, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Bank all such rights, powers and duties. The term "Bank" as used herein shall be the Bank and its legal assigns and successor hereunder.

SECTION 28: Escrow Agreement - Amendment/Modification. This Agreement shall be binding upon the City and the Bank and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the City, the Bank and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement shall (1) alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the City and the Bank may, without the consent of the holders of the Refunded Obligations,

amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement.

SECTION 29: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 30: Executed Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. This Agreement shall be governed by the laws of the State of Texas and shall be effective as of the date of the delivery of the Bonds.

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed by their duly authorized officers and their corporate seals to be hereunto affixed and attested as of the date first above written.

CITY OF LUBBOCK, TEXAS

B. C. McMinn

Mayor

ATTEST:

City Secretary

(City Seal)

TEXAS COMMERCE BANK NATIONAL ASSOCIATION,
as Escrow Agent

George S. Roberts

Vice President

ATTEST:

Authorized Signer

(Bank Seal)

RECORD NAME - LUBBOCK GO TO CALL

# EXHIBIT A

| DATE | PRINCIPAL | INTEREST | DEBT SERVICE |
|---|---|---|---|
| 8/15/1992 | | 903,200.00 | 903,200.00 |
| 2/15/1993 | 9,500,000.00 | 903,200.00 | 10,403,200.00 |
| 8/15/1993 | | 543,862.50 | 543,862.50 |
| 2/15/1994 | | 543,862.50 | 543,862.50 |
| 8/15/1994 | | 543,862.50 | 543,862.50 |
| 2/15/1995 | 13,515,000.00 | 543,862.50 | 14,058,862.50 |
| TOTALS | 23,015,000.00 | 3,981,850.00 | 26,996,850.00 |

EXHIBIT B

RECORD NAME - LUBBOCK GO 83 TO CALL

DELIVERY DATE: 5/06/1992

| STRIPS PAY DATE | MATURING STRIPS | COST | YIELD | PRICE | CURRENT VALUE OF OTHER STRIPS | TOTAL VALUE ON THIS DATE |
|---|---|---|---|---|---|---|
| 8/15/1992 | 359,000 | 355,499.75 | 3.55000 | 99.025000 | N/A | N/A |
| 2/15/1993 | 4,000 | 3,881.68 | 3.90000 | 97.042000 | N/A | N/A |
| TOTALS | 363,000 | 359,381.43 | | | | |

RECORD NAME - LUBBOCK GO 83 TO DEF1

EXHIBIT R

| DEBT PAY DATE | STRIPS PAY DATE | DEBT SERVICE | MATURING STRIPS | BALANCE |
|---|---|---|---|---|
| 8/15/1992 | 8/15/1992 | 359,337.50 | 359,000 | 337.50 |
| 2/15/1993 | 2/15/1993 | 9,859,337.50 | 4,000 | 9,855,337.50 |
| TOTALS | | 10,218,675.00 | 363,000 | 9,855,675.00 |

EXHIBIT B

RECORD NAME - LUBBOCK GO 83 TO DEF

| DATE | (+) RECORD 1 | (-) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | 337.50 | 337.50 | |
| 2/15/1993 | 9,855,337.50 | | 9,855,337.50 |
| TOTALS | 9,855,675.00 | 337.50 | 9,855,337.50 |

RECORD 1 = LUBBOCK GO 83 TO DEF1
RECORD 2 = LUBBOCK GO 83 CASH

RECORD NAME - LUBBOCK GO 85 TO CALL

EXHIBIT B

DELIVERY DATE: 5/06/1992

| STRIPS PAY DATE | MATURING STRIPS | COST | YIELD | PRICE | CURRENT VALUE OF OTHER STRIPS | TOTAL VALUE ON THIS DATE |
|---|---|---|---|---|---|---|
| 8/15/1992 | 543,000 | 537,705.75 | 3.55000 | 99.025000 | N/A | N/A |
| 2/15/1993 | 5,000 | 4,852.10 | 3.90000 | 97.042000 | N/A | N/A |
| TOTALS | 548,000 | 542,557.85 | | | | |

RECORD NAME - LUBBOCK GO 85 TO DEF1

EXHIBIT B

| DEBT PAY DATE | STRIPS PAY DATE | DEBT SERVICE | MATURING STRIPS | BALANCE |
|---|---|---|---|---|
| 8/15/1992 | 8/15/1992 | 543,862.50 | 543,000 | 862.50 |
| 2/15/1993 | 2/15/1993 | 543,862.50 | 5,000 | 538,862.50 |
| 8/15/1993 | | 543,862.50 | | 543,862.50 |
| 2/15/1994 | | 543,862.50 | | 543,862.50 |
| 8/15/1994 | | 543,862.50 | | 543,862.50 |
| 2/15/1995 | | 14,058,862.50 | | 14,058,862.50 |
| TOTALS | | 16,778,175.00 | 548,000 | 16,230,175.00 |

RECORD NAME - LUBBOCK GO 85 TO DEF

# EXHIBIT B

| DATE | (+) RECORD 1 | (-) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | 862.50 | 862.50 | |
| 2/15/1993 | 538,862.50 | 60.72 | 538,801.78 |
| 8/15/1993 | 543,862.50 | | 543,862.50 |
| 2/15/1994 | 543,862.50 | | 543,862.50 |
| 8/15/1994 | 543,862.50 | | 543,862.50 |
| 2/15/1995 | 14,058,862.50 | | 14,058,862.50 |
| TOTALS | 16,230,175.00 | 923.22 | 16,229,251.78 |

RECORD 1 = LUBBOCK GO 85 TO DEF1
RECORD 2 = LUBBOCK GO 85 CASH

RECORD NAME - LUBBOCK GO TO DEF

EXHIBIT B

| DATE | (+) RECORD 1 | (+) RECORD 2 | (=) TOTAL |
|---|---|---|---|
| 8/15/1992 | | | |
| 2/15/1993 | 9,855,337.50 | 538,801.78 | 10,394,139.28 |
| 8/15/1993 | | 543,862.50 | 543,862.50 |
| 2/15/1994 | | 543,862.50 | 543,862.50 |
| 8/15/1994 | | 543,862.50 | 543,862.50 |
| 2/15/1995 | | 14,058,862.50 | 14,058,862.50 |
| TOTALS | 9,855,337.50 | 16,229,251.78 | 26,084,589.28 |

RECORD 1 = LUBBOCK GO 83 TO DEF
RECORD 2 = LUBBOCK GO 85 TO DEF

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT B

SLGS TO BE PURCHASED
FOR ESCROW FUND

TYPE = CERTIFICATES OF INDEBTEDNESS

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE |
|---|---|---|---|---|
| | 9,472,500 | 4.1200 | 5/06/1992 | 2/15/1993 |
| TOTALS | 9,472,500 | | | |

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT B

SLGS TO BE PURCHASED
FOR ESCROW FUND

TYPE = UNITED STATES TREASURY NOTES

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | 1st INT PAY DATE |
|---|---|---|---|---|---|
| | 147,200 | 4.4200 | 5/06/1992 | 8/15/1993 | 8/15/1992 |
| | 150,400 | 4.9900 | 5/06/1992 | 2/15/1994 | 8/15/1992 |
| | 154,100 | 5.3600 | 5/06/1992 | 8/15/1994 | 8/15/1992 |
| | 13,673,300 | 5.6400 | 5/06/1992 | 2/15/1995 | 8/15/1992 |
| TOTALS | 14,125,000 | | | | |
| GRAND TOTAL | 23,597,500 | | | | |

PD F 4144
Dept. of the Treasury
Bur. of the Public Debt
(Rev. 6/89)

OMB NO. 1535-0092
EXP. 2/92

# SUBSCRIPTION FOR PURCHASE AND ISSUE OF U.S. TREASURY SECURITIES— STATE AND LOCAL GOVERNMENT SERIES

EXHIBIT B

**TIME DEPOSIT SECURITIES**

☐ INITIAL ☒ FINAL ☐ AMENDED

**To: Federal Reserve Bank or Branch at** Dallas, Texas

1. Pursuant to the provisions of *Department of the Treasury Circular, Public Debt Series No. 3-72*, current revision (31 CFR Part 344), the undersigned hereby subscribes for the purchase of the following securities:
   a. United States Treasury Certificates of Indebtedness—State and Local Government Series (PD F 4144-2) **TOTAL AMOUNT $** 9,472,500
   b. United States Treasury Notes—State and Local Government Series (PD F 4144-3) **TOTAL AMOUNT $** 14,125,000
   c. United States Treasury Bonds—State and Local Government Series (PD F 4144-4) **TOTAL AMOUNT $**

   **GRAND TOTAL $** 23,597,500

   as described on the attached schedules, accompanied by PD F 4144-1, which are incorporated by reference in this subscription, to be issued as entries on the books of the Bureau of the Public Debt, Department of the Treasury.
2. The undersigned certifies that this subscription complies with the certification requirements in *31 CFR Sec. 344.3*.
3. The undersigned requests that book-entry accounts be established for:
   Name of owner City of Lubbock, Texas
4. The undersigned:
   a. ☐ submits payment in full herewith for the above securities, as shown below.
   b. ☒ requests that issuance be deferred until 5-6-92 (not to exceed by more than 60 days the date on which this subscription is received at a Federal Reserve Bank or Branch or, where mailed, by the postmark date on the envelope in which it is received), and agrees to make payment on that date.
5. The undersigned agrees that interest and redemption payments made to the subscriber will be by Automated Clearing House (ACH) method.
6. The undersigned further certifies that the following official(s), by title(s), are authorized, subject to the provisions of the above referenced circular, to request redemption prior to maturity of the securities. (If no one has been so authorized, enter the word "none.")
   City Manager
7. If the undersigned is a financial institution, it certifies that it has received the specific authorization of the government body to submit this subscription. Subscriptions submitted by an agent other than a commercial bank must be accompanied by evidence of the agent's authority to act. Such evidence must describe the nature and scope of the agent's authorization, specify the legal authority under which the agent was designated, and relate by its terms to the investment action being undertaken. Subscriptions unsupported by such evidence will not be accepted.

Dated this 9th day of April, 1992

City of Lubbock, Texas
(Name of State or Local Government Body or Other Eligible Entity)

(806) 767-3000
(Telephone—include Area Code)

By [signature]
(Signature and Title)
Asst. City Manager for Financial Services

**FOR USE OF FINANCIAL INSTITUTION IN TRANSMITTING PAYMENT FOR ABOVE SECURITY**

(The issue date of the account will be the date specified in this subscription, provided payment therefor in readily available funds is received herewith or within the time limitation specified above. Where payment is submitted separately, it should be accompanied by a copy of this subscription.)

☐ Check enclosed
☒ Charge reserve clearing account on 5-6-92 (Date)
☐ Other

Name of Institution Texas Commerce Bank N.A.
City Lubbock State Texas
Authorized signature and title [signature]
Vice President and Trust Officer

**FOR USE OF FEDERAL RESERVE BANK**

ACCOUNT NUMBERS

| | | | APPLICABLE INTEREST RATE TABLE NO. | ISSUE DATE | Date Credited to Treas. Acct. (Cannot be Subsequent to Issue Date) |
|---|---|---|---|---|---|
| C OF I'S: | From: | Through: | | | |
| NOTES: | From: | Through: | | | |
| BONDS: | From: | Through: | | | |

**FOR USE OF THE BUREAU OF THE PUBLIC DEBT**

Approved By ______________________ Date ______________ ______________
Signature and Title Computer Run

For the notice required under the Privacy and Paperwork Reduction Acts, see the reverse side of this form.

PD F 4144-1
Dept. of the Treasury
Bur. of the Public Debt
(Rev. 8/89)

OMB NO. 1535-0092
EXP. 2/92

# ACCOUNT INFORMATION FOR U.S. TREASURY SECURITIES STATE AND LOCAL GOVERNMENT SERIES

EXHIBIT B

**TIME DEPOSIT SECURITIES**

The United States Treasury Securities—State and Local Government Series subscribed for on PD F 4144 to which this form is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

NAME OF OWNER

City of Lubbock, Texas

EMPLOYER IDENTIFICATION NUMBER 75 - 6000590

ADDRESS OF OWNER

P. O. Box 2000

Lubbock, Texas — TX — 79457-2000
CITY — STATE — ZIP CODE

NAME OF SUBSCRIBER'S FINANCIAL INSTITUTION AND OFFICER TO CONTACT

Texas Commerce Bank NA Lub[redacted]
Jerrold V. Stevens, Sr. V. P. & T.[redacted]

ADDRESS OF SUBSCRIBER'S FINANCIAL INSTITUTION

1314 Av[redacted]

Lubbock [redacted]
CITY — STATE — ZIP CODE

DIRECT DEPOSIT (ACH) INFORMATION—To be Completed by the Financial Institution

| | |
|---|---|
| ACCOUNT NAME | [redacted] 1992 Esc[redacted] |
| ACCOUNT NUMBER | [redacted]93884 |
| ROUTING NUMBER | [redacted]09 |
| ACCOUNT TYPE | CHECKING X SAVINGS |

*U.S.GPO:1990-0-720-246/10213

D. Customer Copy

EXHIBIT B

PD F 4144-2
Dept. of the Treasury
Bureau of the Public Debt
(Rev. 8/89)

# SCHEDULE OF U.S. TREASURY CERTIFICATES OF INDEBTEDNESS— STATE AND LOCAL GOVERNMENT SERIES

OMB NO. 1535-0092
EXP. 2/92

**TIME DEPOSIT SECURITIES**

The United States Treasury Certificates of Indebtedness—State and Local Government Series subscribed for on **PD F 4144** and account information furnished on **PD F 4144-1** to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

| ACCOUNT NUMBERS assigned by FRB | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | FOR TREASURY DEPT. USE ONLY |
|---|---|---|---|---|---|
| | 9,472,500 | 4.12 | 5/6/92 | 2/15/93 | |
| | 9,472,500 | | | | |

**NOTE:** The interest rate on each certificate may not exceed the maximum interest rate for Treasury securities of comparable terms of maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be at least 30 days but not greater than one year from date of issue. Interest will be paid at maturity with the principal.

**FRB CERTIFICATION**

The undersigned certifies that this form has been reviewed and is in compliance with regulations governing U.S. Treasury securities—State and Local Government Series.

Signature ______

FRB ______ Date ______

Phone ______

NAME OF STATE OR LOCAL GOVERNMENT BODY: City of Lubbock, Texas

SIGNATURE: [signature]

TITLE: Asst. City Manager for Financial Services

FOR BUREAU USE ONLY:
ACCOUNTS ESTABLISHED BY: ______

ON ______
Date

D. Customer Copy

EXHIBIT B

PD F 4144-3
Dept. of the Treasury
Bureau of the Public Debt
(Rev. 8/89)

# SCHEDULE OF U.S. TREASURY NOTES— STATE AND LOCAL GOVERNMENT SERIES

OMB NO. 1535-0092
EXP. 2/92

**TIME DEPOSIT SECURITIES**

The United States Treasury Notes—State and Local Government Series subscribed for on **PD F 4144** and account information furnished on **PD F 4144-1** to which this schedule is attached and incorporated, are requested to be issued and held in book-entry accounts on the books of the Department of the Treasury, as follows:

| ACCOUNT NUMBERS assigned by FRB | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE | FIRST INTEREST PAYMENT DATE | FOR TREASURY DEPT. USE ONLY |
|---|---|---|---|---|---|---|
| | 147,200 | 4.42 | 5/6/92 | 8/15/93 | 8/15/92 | |
| | 150,400 | 4.99 | 5/6/92 | 2/15/94 | 8/15/92 | |
| | 154,100 | 5.36 | 5/6/92 | 8/15/94 | 8/15/92 | |
| | 13,673,300 | 5.64 | 5/6/92 | 2/15/95 | 8/15/92 | |
| TOTAL | 14,125,000 | | | | | |

**NOTE:** The interest rate on each note may not exceed the maximum interest rate for Treasury securities of comparable terms of maturity, as shown in the Treasury rate table applicable to this issuance. The maturity dates specified must be at least one year and one day but not greater than ten years from date of issue. Interest will be paid on the designated first interest payment date and semi-annually thereafter, the final six months interest to be paid at maturity with the principal.

**FRB CERTIFICATION**

The undersigned certifies that this form has been reviewed and is in compliance with regulations governing U.S. Treasury securities—State and Local Government Series.

Signature ______

FRB ______ Date ______

Phone ______

NAME OF STATE OR LOCAL GOVERNMENT BODY: City of Lubbock, Texas

SIGNATURE: J. Robert Massengale

TITLE: Asst. City Manager for Financial Services

FOR BUREAU USE ONLY:
ACCOUNTS ESTABLISHED BY: ______

ON ______
Date

D. Customer Copy

RECORD NAME - LUBBOCK GO 92 REFUNDING

EXHIBIT C 1

SLGS TO BE PURCHASED
AT 0.0000% RATE

TYPE = CERTIFICATES OF INDEBTEDNESS

| | PRINCIPAL AMOUNT | INTEREST RATE | ISSUE DATE | MATURITY DATE |
|---|---|---|---|---|
| | 220,100 | 0.0000 | 8/15/1992 | 2/15/1993 |
| TOTALS | 220,100 | | | |

TEXAS COMMERCE BANK NATIONAL ASSOCIATION
LUBBOCK, TEXAS

INCUMBENCY CERTIFICATION

The undersigned certifies that (s)he is a duly elected, qualified, and currently acting officer of Texas Commerce Bank National Association, Lubbock, Texas (the "Bank"), a national banking association, and that, as such (s)he is authorized and empowered to execute and deliver this Certificate; and further certifies that:

1. The following persons are duly elected officers of the Bank, holding the offices designated opposite their names, and the signatures appearing opposite their offices are their true and correct signatures.

| Name | Office Held | Signature |
| --- | --- | --- |
| George L. Roberts | Vice President and Trust Officer | George L. Roberts |
| Edwin L. Schulz | Senior Vice President and Cashier | Edwin Schulz |

2. Attached hereto as Exhibit A are excerpts from the minutes of the proceedings of the Board of Directors of the Bank, including a true and complete copy of a resolution duly adopted by the Board of Directors at a meeting duly called and held at which a quorum was present and acting througout. Said resolution authorizes the above-mentioned officers to execute and deliver the Special Escrow Agreement and the Paying Agent/Registrar Agreement, each dated as of April 10, 1992, and each between the Bank and the City of Lubbock, Texas. Said resolution has not been further amended or repealed and remains in full force and effect as of the date hereof.

WITNESS MY HAND AND SEAL OF Texas Commerce Bank National Association, Lubbock, Texas, as of this 15th day of April, 1992.

By: Calvin Carter
Name: CALVIN CARTER
Title: VICE PRESIDENT

7164E

On motion by C. L. Montgomery and seconded by Shelley Hall, the following resolution authorizing execution of instruments was unanimously approved:

BE IT RESOLVED, that the Chief Executive Officer, President, or any Vice President, or any one of them, is authorized to sign, execute, acknowledge, verify, deliver or accept on behalf of the Association all agreements, indentures, mortgages, deeds, conveyances, transfers, certificates, declarations, petitions, schedules, accounts, affidavits, bonds, undertakings and proxies.

BE IT FURTHER RESOLVED, that in each instance of the conveyance of real property of the release of lein thereon, the signature of the authorized officer shall be attested, under the seal of this Association, by the Secretary, Cashier, or any Operations Officer thereof.

BE IT FURTHER RESOLVED, that the Chief Executive Officer, President, Vice President, Cashier, or Operations Officer, or any one of them, is authorized to sign checks of the Association with the exception of checks and drafts made in payments for expenses of the Association. The Chief Executive Officer, President, Secretary and Cashier are hereby authorized to sign checks and drafts issued in payment of expenses of the Association.

On motion by C. L. Montgomery and seconded by Shelley Hall, the following resolution authorizing officers to accept trust accounts and assets, to invest funds, and to sell and transfer Real Estate and Securities of fiduciary Accounts was unanimously approved:

BE IT RESOLVED, that the Chief Executive Officer, President, and/or any Trust Officer of this Bank be and each of them is hereby authorized and empowered for and in the name and on behalf of the Bank to undertake and do all such things as may be advisable in acquiring, handling, administering, or otherwise disposing of any and all real estate, stocks, bonds, or other securities or other type of property for the account of, or belonging to the Bank, in its fiduciary capacity as Trustee, Executor, Administrator, Guardian, Agent, Escrow Agent, or otherwise, and incidental thereto, that they and each of them be further authorized and empowered to execute for and in the name and on behalf of this Bank all such endorsements, registrations, transfers, certificates, deeds, deeds of trust, security agreements, assignments, affidavits, release or other documents as may be necessary, required, or appropriate to effect the foregoing.

BE IT FURTHER RESOLVED, that in each instance of the conveyance of real property or the release of lein thereon the signature of the Chief Executive Officer, President, and/or any Trust Officer of this Bank shall be attested, under the seal of this Bank, by the Secretary, the Cashier, or any operations Officer thereof.

BE IT FURTHER RESOLVED, that Jerrold Stevens, Senior Vice President and Trust Officer, be duly authorized to accept new fiduciary accounts, pending the approval of the Trust Committee at its regular meeting.

On motion by Alex Cooke and seconded by Mike Irish, the following resolution providing approval for borrowing funds from the Federal Reserve Bank of Dallas, was unanimously approved:

WHEREAS, this Bank, acting through its duly authorized officers, may from time to time, desire to borrow funds from the Federal Reserve Bank of Dallas for the use and benefit of the Bank, for the purpose of carrying on its business, and may be obliged to secure said loans by pledges of its receivables, therefore;

BE IT RESOLVED, that the Chief Executive Officer, President, or any Vice President acting by and with the Secretary or Cashier of this Bank be, and they are hereby empowered to borrow, from time to time and at any time from the Federal Reserve Bank of Dallas, funds in such amounts and on such terms as to them may seem expedient, and they are hereby authorized to pledge as security therefore, any treasury bills, notes, bonds or receivables owned by the Bank, notes for such funds in such amounts as may to them seem advisable and proper.

This authority shall extend and be binding for any loans that may have been or will be made during the year 1991 as between this Bank and the Federal Reserve Bank of Dallas, until revoked in writing and notice given to the Federal Reserve Bank of Dallas.

Any previous borrowing resolutions heretofore made by the Board of Directors of this Bank are hereby revoked.

On motion by Alex Cooke and seconded by Mike Irish, Calvin Carter and

## CERTIFICATION

I, the undersigned, Chairman of the Board of the Board of Directors of Texas Commerce Bank, National Association, Lubbock, hereby certify that the foregoing is a full, true and complete copy of a resolution duly adopted by the Board of Directors of said company at a meeting duly called and held on January 9, 1991, at which a quorum was present and acting throughout. I also certify that said Senior Vice President and Senior Operations Officer, Tony Wayland, and Vice President and Cashier, Edwin Schulz, are duly authorized vice presidents on the above named bank, and are authorized to sign on its behalf.

Chairman of the Board, President, &
Chief Executive Officer

**First reading: 04/09/1992**
**Second reading: 04/10/1992**

**Ordinance # 9514 contains second part of document in ordinance #9514-S (supplement) 1006 total pages.**