

**APPLICATION FOR:
TEXAS WATER DEVELOPMENT BOARD
SWIFT PROGRAM**

CITY OF BRYAN
AQUIFER STORAGE & RECOVERY (ASR) PROJECT

MAY 11, 2016

**Prepared by:
Susan Roth Consulting, LLC**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part A: General Information

1. The legal authority under which the applicant was created and operates.
 - a) TYPE A GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.001)
 - b) TYPE B GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.002)
 - c) TYPE C GENERAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.003)
 - d) HOME-RULE MUNICIPALITY (Texas Local Gov't Code Sec. 5.004)
 - e) SPECIAL-LAW MUNICIPALITY (Texas Local Gov't Code Sec. 5.005)
 - f) NONPROFIT ORGANIZATION (Business Organization Code Chapter 22)
 - g) NONPROFIT WATER SUPPLY OR SEWER SERVICE CORP. (Texas Water Code Chapter 67)
 - h) ALL DISTRICTS (Texas Water Code Chapter 49)

2. Applicant Name and Contact Information:

Name:	City of Bryan
County:	Brazos County
Physical Address:	300 South Texas Avenue Bryan, TX 77803
Mailing Address:	300 South Texas Avenue Bryan, TX 77803
Phone:	(979) 209-5929
Fax:	(979) 209-5035
Website:	www.bryantx.gov

3. Brief description of the project: The first phase of this project would involve constructing one ASR well and one recovery well. In addition to the wells required for this strategy, two-way pipelines between the ASR well field and the Well Field Pump Station, an ASR pump station at Well Field Pump Station, and an interconnect into the storage tanks are needed. To meet the predicted ASR use needs, the City of Bryan would need to begin storing ASR water using Well #10 and initiate piloting of this well as soon as possible. The target aquifer for storing the water is the brackish water zone of the Simsboro unit of the Wilcox Group.

4. Applicant's Officers and Members:

<u>Name</u>	<u>Office Held</u>
Jason Bienski	Mayor
Al Saenz	Councilmember, District 1
Rafael Pena, III	Councilmember, District 2
Greg Owens	Councilmember, District 3
Mike Southerland	Councilmember, District 4
Ben Hardeman	Councilmember, District 5
Buppy Simank	Councilmember, District 6

5. Applicant's **primary contact person** for day-to-day project implementation.

Name:	Jayson Barfknecht, Ph.D., P.E.
Title:	City of Bryan, Public Works Director
Address:	300 South Texas Avenue, Bryan, TX 77803
Phone:	(979) 209-5929
Fax:	(979) 209-5035
Email:	jbarfknecht@bryantx.gov

6. Applicant's Consultants (Attach copies of all draft and/or executed contracts for consultant

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

services to be used by the Applicant in applying for financial assistance or constructing the proposed project.):

a) Applicant Engineer N/A

Firm Name:	CDM Smith Inc.
Contact:	Allen Woelke, P.E.
Address:	12357-A Riata Trace Pkwy., Ste. 210, Austin, TX 78727
Phone:	(512) 346-1100
Fax:	(512) 345-1483
Email:	woelkead@cdmsmith.com

b) Bond Counsel N/A

Firm Name:	Andrews & Kurth, LLP
Contact:	Jerry Kyle
Address:	111 Congress Avenue, Ste. 1700, Austin, TX 78701
Phone:	(512) 320-9271
Fax:	(512) 542-5211
Email:	jerrykyle@andrewskurth.com

c) Financial Advisor N/A

Firm Name:	Specialized Public Finance Inc.
Contact:	Steven Adams, CFA
Address:	4925 Greenville Avenue, Ste. 465, Dallas, TX 75206
Phone:	(214) 373-3911
Fax:	(214) 373-3913
Email:	steven@spubfin.com

d) Certified Public Accountant (or other appropriate rep) N/A

Firm Name:	Handled by City of Bryan staff
Contact:	
Address:	
Phone:	
Fax:	
Email:	

e) Legal Counsel (if other than Bond Counsel) N/A

Firm Name:	Mathews & Freeland, LLP
Contact:	Jim Mathews
Address:	8140 North MoPac Expressway, Westpark II, Ste. 260, Austin, TX 78759
Phone:	(512) 404-7800
Fax:	(512) 703-2785
Email:	jmathews@mandf.com

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f) Any other consultant representing the Applicant before the Board N/A

Firm Name:	Susan Roth Consulting, LLC (subconsultant to CDM Smith Inc.)
Contact:	Susan Roth, P.E.
Address:	4111 Tablerock Drive, Austin, TX 78731
Phone:	(512) 796-6692
Fax:	(512) 231-9851
Email:	susan@srothconsulting.com

7. List the counties within the Applicant's service area. Brazos County
8. Identify the Applicant's total service area population: 103,700 (Year 2018; when fully operational)
9. Applicant is requesting funding from which programs? Check all that apply.

	PROGRAM	AMOUNT REQUESTED
a) <input type="checkbox"/>	Drinking Water State Revolving Fund (DWSRF)	\$ _____
b) <input type="checkbox"/>	Clean Water State Revolving Fund (CWSRF)	\$ _____
c) <input type="checkbox"/>	Texas Water Development Fund (DFund)	\$ _____
d) <input type="checkbox"/>	State Participation	\$ _____
e) <input type="checkbox"/>	Rural Water Assistance Fund (RWAFF)	\$ _____
f) <input checked="" type="checkbox"/>	State Water Implementation Fund for Texas (SWIFT)	\$ <u>18,000,000.00</u>
g) <input type="checkbox"/>	Economically Distressed Areas Program (EDAP)	\$ _____
h) <input type="checkbox"/>	If other please explain: _____	\$ _____

10. Other Funding Sources: Provide a list of any other funding source(s) being utilized to complete the project, including Applicant's local contribution, if any, or commitments applied for and/or received from any other funding agency for this project or any aspect of this project. **Provide commitment letters if available. Additional funding sources must be included within the Project Budget (TWDB-1201).**

Funding Source	Type of Funds (Loan/Grant)	Amount (\$)	Date Applied for Funding	Anticipated or Funding Secured Date
Total Funding from All Sources		\$		

Comments: N/A

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11. Applicant is requesting funding for which phase(s)? Check all that apply.

- Planning
- Acquisition
- Design
- Construction

12. Is Applicant requesting funding to refinance existing debt?

- Yes If yes, attach a copy of the document securing the debt to be refinanced.
- Attached document**
- No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part B: Legal Information

13. Cite the legal authority under which the Applicant can issue the proposed debt including the authority to make a proposed pledge of revenues. Chapter 1502, Texas Government Code. The Bonds will be designated as "City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2016".

14. What type of pledge will be used to repay the proposed debt?

- Systems Revenue
- Taxes
- Combination of systems revenues and taxes
- Other (Contract Revenue, etc.)

15. Provide the full legal name of the security for the proposed debt issue(s).

To pay and secure payment of the Bonds, the City will use - and provide a first lien on and pledge of - Net Revenues. Net Revenues are defined in the ordinance as all income, revenues and receipts of every nature derived from and received by the City by virtue of the operation of the City's Waterworks and Sewer System, after deducting and paying, and making provisions for the payment of current expenses of maintenance and operation the City's Waterworks and Sewer System.

In particular, Section 2.01 of the Bond Ordinance will provide that the Bonds are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Net Revenues. "Net Revenues" means all income, revenues and receipts of every nature derived from and received by virtue of the operation of the Waterworks and Sewer System including interest income and earnings received from the investment of moneys in the special Funds created by this Ordinance or ordinances authorizing Parity Obligations, after deducting and paying, and making provisions for the payment of current expenses of maintenance and operation thereof, including all salaries, materials, repairs and extensions necessary to render efficient service; provided, however, only such expenses for repairs and extensions as in the judgment of the City Council reasonably and fairly exercised, are necessary to keep the Waterworks and Sewer System in operation and to render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from Net Revenues of the Waterworks and Sewer System, shall be deducted in determining "Net Revenues". Contractual payments for the purchase of water or the treatment of sewage shall be a maintenance and operating expense of the Waterworks and Sewer System to the extent provided in the contract incurred; therefore and as may be authorized by law. Depreciation shall never be considered as an expense of operation and maintenance.

The Net Revenues may not in any manner be pledged to the payment of any debt or obligation of the City or the Waterworks and Sewer System, other than Parity Obligations, except on a subordinate lien basis.

16. Describe the pledge being offered and any existing rate covenants.

As described in response to Question #15, the pledge being offered is a first lien on and pledge of the Net Revenues. Net Revenues are defined in the ordinance as all income, revenues and receipts of every nature derived from and received by the City by virtue of the operation of the City's Waterworks and Sewer System, after deducting and paying, and making provisions for the payment of current expenses of maintenance and operation the City's Waterworks and Sewer System.

In the ordinances for previously issued parity debt (and for the proposed bonds), the City covenants to maintain rates and collect charges for the facilities and services afforded by the Waterworks and Sewer

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System, as required by Section 1502.057, Texas Government Code, which will provide revenues sufficient at all times to: (a) Pay for all maintenance, operation, debt service, depreciation, replacement and betterment charges of the Waterworks and Sewer System; (b) Establish and maintain the Debt Service Fund and the Reserve Fund as provided for in this Ordinance; (c) Produce Net Revenues each year in an amount reasonably estimated to be not less than 1.25 times the average Annual Debt Service Requirements of the Parity Bonds from time to time outstanding; and (d) Pay all other obligations reasonably anticipated to be payable from the revenues of the Waterworks and Sewer System as and when the same become due.

In addition, a Reserve Fund will be maintained for the benefit of the owners and holders of Parity Obligations (including the Bonds). The Reserve Fund shall be maintained in an amount at least equal to the lesser of (a) 1.25 times the average Annual Debt Service Requirements of the Parity Bonds then Outstanding, or (b) 1.00 times the Annual Debt Service Requirements of the Parity Bonds to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed ten percent (10%) of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Parity Bonds.

- 17. Attach the resolution from the governing body requesting financial assistance.
TWDB-0201A (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Resolution

- 18. Attach the Application Affidavit
TWDB-0201 (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Applicant Affidavit

- 19. Attach the Certificate of Secretary
TWDB-201B (<http://www.twdb.texas.gov/financial/instructions/>)
 Attached Certificate of Secretary

- 20. Is the applicant a Water Supply Corporation (WSC)?
 Yes If yes, attach each of the following:
 - Articles of Incorporation**
 - Certificate of Incorporation from the Texas Secretary of State evidencing that the current Articles of Incorporation are on file with the Secretary**
 - By-laws and any amendments**
 - Certificate of Status from the Texas Secretary of State (i.e. Certificate of Existence)**
 - Certificate of Account Status from the Texas Comptroller of Public Accounts (certifies that the WSC is exempt from the franchise tax and that the WSC is in good standing).** No

- 21. Is the applicant proposing to issue revenue bonds?
 Yes If yes, attach copies of the most recent resolution/ordinance(s) authorizing any outstanding parity debt. This is essential to insure outstanding bond covenants are consistent with covenants that might be required for TWDB financing.
 Attached resolution/ordinance(s)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

No

22. Does the applicant possess a Certificate of Convenience and Necessity (CCN)?
 Yes If yes, attach a copy of the CCN and service area map showing the areas the applicant is allowed to provide water or wastewater services.

Attached CCN and service area map
If no, indicate the status of the CCN. _____

No
 N/A

23. Has the applicant been the subject of any enforcement action by the Texas Commission on Environmental Quality (TCEQ), the Environmental Protection Agency (EPA), or any other entity within the past three years?

Yes If yes, attach a brief description of every enforcement action within the past three years and action(s) to address requirements.

Attached

No

24. Are any facilities to be constructed or the area to be served within the service are of a municipality or other public utility?

Yes If yes, has the applicant obtained an affidavit stating that the utility does not object to the construction and operation of the services and facilities in its service area?

If yes, attach a copy of the affidavit.

Attached affidavit

If no, provide an explanation as to why not. _____

No

25. If the assistance requested is more than \$500,000 a Water Conservation Plan (WCP) is required. The WCP cannot be more than **FIVE** years old and must have been adopted by the applicant. Has the applicant adopted a Board-approved WCP? (Check one and attach requested information, if any.)

Yes Enter date of Applicant's WCP adoption: May 13, 2014

No If no, attach a copy of a draft Water Conservation Plan and Drought Contingency Plan prepared in accordance with the TWDB WCP Checklist (<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1968.pdf>)

Attached Draft WCP and Drought Contingency Plan

Attached Utility Profile TWDB-1965

<http://www.twdb.state.tx.us/financial/instructions/doc/TWDB-1965.pdf>

N/A (Request is \$500,000 or less per Water Code §§ 15.106(c), 17.125(c), 17.277(c), and 17.857(c))

Note: If the applicant will utilize the project financed by the TWDB to furnish services to another entity that in turn will furnish services to the ultimate consumer, the requirements for the WCP may be met through contractual agreements between the applicant and the other entity providing for establishment of a water conservation plan. The provision requiring a WCP shall be included in the contract at the earliest of: the original execution, renewal or substantial amendment of that contract, or by other appropriate measures.

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26. Does the applicant provide retail water services?
 Yes If yes, has the applicant already submitted to the TWDB the annual water use survey of groundwater and surface water for the last **THREE** years?
 Yes
 No If no, please download survey forms and attach a copy of the completed water use surveys to the application.
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
 Attached Water Use Survey
- No
27. Is the applicant a retail public utility that provides potable water?
 Yes If yes, has the applicant already submitted the most recently required water loss audit to the TWDB?
 Yes
 No If no, and if applying for a water supply project, please complete the online TWDB Water Audit worksheet found at <http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp> and attach a copy to the application.
 Attached TWDB Water Audit worksheet
- No
28. Does the Applicant provide wastewater services?
 Yes
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

31. Provide a summary of the wholesale contracts with customers (Reference attached contracts)

Contract Type	Minimum annual amount	Usage fee per 1,000 gallons	Annual Operations and Maintenance	Annual Capital Costs	Annual Debt Service	Other
Wellborn SUD – wholesale						
Wickson Creek SUD - wholesale						

32. List top **TEN** customers of the water and/or wastewater system by annual revenue with corresponding usage and percentage of total use, including whether any are in bankruptcy.

a. **WATER**

Customer Name	Annual Usage (gal)	Percent of Total Water Revenue	Bankruptcy (Y/N)
Wellborn Special Utility District	113,086,700	2.23%	N
BISD	90,554,300	2.06%	N
St. Joseph Hospital	72,373,400	1.62%	N
City of Bryan	62,321,800	1.43%	N
Brazos County	49,529,700	0.98%	N
TDCJ-Hamilton Unit	34,129,700	0.68%	N
Federal Prison Camp	33,578,600	0.66%	N
Oakwood/Country Village	29,924,300	0.59%	N
Housing Authority of Bryan	25,096,200	0.50%	N
Crestview	20,950,000	0.42%	N

b. **WASTEWATER**

Customer Name	Annual Usage (gal)	Percent of Total Wastewater Revenue	Bankruptcy (Y/N)
St. Joseph Hospital	62,211,900	1.95%	N
Brazos County	36,674,200	1.15%	N
TDCJ - Hamilton Unit	34,129,700	1.07%	N
Federal Prison Camp	33,315,400	1.05%	N
Oakwood/Country Village	29,924,300	0.94%	N
BISD	27,117,400	0.85%	N
Housing Authority of Bryan	22,543,300	0.71%	N
A&M Buena Vista	18,296,200	0.57%	N
New Alenco Window LTD	18,187,400	0.57%	N
City of Bryan	17,847,800	0.56%	N

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33. Current Average Residential Usage and Rate Information

Service	Date of Last Rate Increase	Avg. Monthly Usage (gallons)	Avg. Monthly Bill (\$)	Avg. Monthly Increase Per Customer(\$)	Projected Monthly Increase Necessary (\$)
Water	2008	7,314	\$28.90	\$3.40	
Wastewater	2008	5,194	\$28.24	\$0.33	

34. Provide the number of customers for each of the past five years.

Year	Number of Customers
2012	21,913
2013	22,171
2014	22,418
2015	22,870
2016	22,780

All applicants complete questions 35-51 of the financial section, as applicable.

35. Disclose all issues that may affect the project or the applicant's ability to issue and/or repay debt (such as anticipated lawsuits, judgments, bankruptcies, major customer closings, etc.).

None

36. Has the applicant ever defaulted on any debt?

- Yes If yes, disclose all circumstances surrounding prior default(s). _____
 No

37. Does the applicant have taxing authority?

- Yes
 No

38. Provide the last five-years of data showing total taxable assessed valuation including net ad valorem taxes levied, corresponding tax rate (detailing debt service and general purposes), and tax collection rate.

Fiscal Year Ending	Net Taxable Assessed Value (\$)	Tax Rate	General Fund	Interest & Sinking Fund	Tax Levy \$	Percentage Current Collections	Percentage Total Collections
2012	3,783,727,145	0.6364	0.4406	0.1958	23,800,130	98.26%	99.16%
2013	3,895,342,182	0.6333	0.4375	0.1958	24,418,567	98.66%	99.66%
2014	4,055,865,430	0.6333	0.4375	0.1958	25,299,027	98.57%	99.73%
2015	4,334,121,117	0.6300	0.4427	0.1873	26,961,308	98.58%	100.14%
2016	4,597,038,138	0.6300	0.4433	0.1867	28,563,522	86.45%	87.26%

Comments: as of March 31, 2016

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

39. Attach the last five-years of tax assessed values delineated by Classification (Residential, Commercial and Industrial). **If applicant does not have taxing authority, provide the assessed values of the county.**

- a) 2011 attached
- b) 2012 attached
- c) 2013 attached
- d) 2014 attached
- e) 2015 attached

40. Attach the direct and overlapping tax rate table:

Attached tax rate table

41. Provide the current top **TEN** taxpayers showing percentage of ownership to total assessed valuation. State if any are in bankruptcy and explain anticipated prospective impacts in the Comments blank, below. If any of these have changed in the past three years, please provide information on the changes to the top ten.

Taxpayer Name	Assessed Value	Percent of Total	Bankruptcy (Y/N)
Sanderson Farms Inc	50,383,741	1.09%	N
Lubrizol Specialty Products Inc.	40,186,867	0.87%	N
Bryan Student Housing LLC	38,112,800	0.83%	N
Jamespoint Management co.	34,068,773	0.74%	N
Wal-mart Real Estate	32,796,350	0.71%	N
SW Meadows Point LP	24,956,455	0.54%	N
KC Presidio Apartments LLC	24,043,779	0.52%	N
Legacy Texas Apartments	23,188,311	0.50%	N
Park Hudson Place Apartments	22,185,012	0.48%	N
21 Gramercy Park LP	20,417,750	0.44%	N

Comments: _____

42. Provide the maximum tax rate permitted by law per \$100 of property value. \$2.50

43. Does the applicant collect sales tax?

Yes Provide the sales tax collection history for the past five years.

Fiscal Year Ending	Total Collections
2011	\$14,301,017
2012	14,814,931
2013	15,984,919
2014	17,882,449
2015	17,788,431

No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

44. Indicate the tax status of the proposed loan?
 Tax-Exempt
 Taxable
45. Proforma (**Select one of the four listed below**) Please be sure the proforma reflects the schedule requested, including multi-phased funding options.
- a. System revenues are anticipated to be used to repay the proposed debt. Attach a proforma indicating the following information for each year the debt is outstanding:
 projected gross revenues
 operating and maintenance expenditures
 outstanding and proposed debt service requirements
 net revenues available for debt service and coverage of current and proposed debt paid from revenues
- b. Taxes are anticipated to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
 outstanding and proposed debt service requirements
 the tax rate necessary to repay current and proposed debt paid from taxes
 list the assumed collection rate and tax base used to prepare the schedule
- c. Combination of system revenues and taxes to be used to repay the proposed debt. Attach a pro forma indicating the following information for each year the debt is outstanding:
 projected gross revenues, operating and maintenance expenditures, net revenues available for debt service
 outstanding and proposed debt service requirements
 the tax rate necessary to pay the current and proposed debt
 list the assumed collection rate and tax base used to prepare the schedule
- d. Another type of pledge will be used to repay the proposed debt. Attach a pro forma with information for each year the debt is outstanding, which includes projected revenues, annual expenditures, outstanding debt requirements, and revenues available for debt service.
 Attached
46. Attach a **FIVE** year comparative system operating statement (not condensed) including audited prior years and an unaudited year-to-date statement. Unaudited year-to-date statement must reflect the financial status for a period not exceeding the latest six months.
 Attached Operating Statement.
47. Attach **ONE** copy of an annual audit of financial statements, including the management letter, for the preceding fiscal year prepared by a certified public accountant or firm of accountants and, if the last annual audit was more than 6 months ago, then, provide interim financial information.
 Attached Annual Audit
 Attached Management Letter
 If applicable, attached interim financial information
48. Does the applicant have any outstanding debt? (Check all that apply)
 Yes, General obligation debt
 Yes, Revenue debt

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Yes, Authorized but unissued debt
- No

49. Attach a listing of total outstanding debt and identify the debt holder. Segregate by type (General Obligation or Revenue) and present a consolidated schedule for each, showing total annual requirements. Note any authorized but unissued debt.

a. General Obligation Debt:

- Yes
 - Attached schedule. The schedule should also identify the debt holder.**
- No

b. Revenue:

- Yes
 - Attached schedule. The schedule should also identify the debt holder.**
- No

c. Authorized by Unissued Debt:

- Yes
 - Attached schedule. The schedule should also identify the debt holder.**
- No

50. List the ten largest employers of the Applicant's service area:

Name	Number of Employees
Blinn College	575
Brazos County	784
Bryan ISD	2300
City of Bryan	897
Knife River	250
Ply Gem Windows	600
Sanderson Farms	1500
SouthCorp Packaging USA	
St. Joseph Regional Hospital	2642
Wal-Mart	850

Comments (example, any anticipated changes to the tax base, employers etc.) _____

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51. Provide any current bond ratings with date received.

	Standard & Poor's	Date Received	Moody's	Date Received	Fitch	Date Received
G.O.	AA	7/14/2015	Aa2	4/23/2010	N/A	N/A
Revenue	AA-	10/30/2013	Aa2	4/23/2010	N/A	N/A

52. Is the project intended to allow the applicant to provide or receive water or sewer services to or from another entity?

Yes. If yes, the applicant must attach, at a minimum, the proposed agreement, contract, or other documentation establishing the service relationship, with the final and binding agreements provided prior to loan closing.

Attached

No.

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Part D: Project Information

53. Description of Project Need (for example, is the project needed to address a current compliance issue, avoid potential compliance issues, extend service, expand capacity, etc.):
Proposed project is needed to address water supply shortages due to availability and factors in the cost of water considerations. An ASR conjunctive use strategy was developed that includes ASR and new production wells. A spreadsheet model was developed that simulates the storage and use of ASR water to determine when ASR wells and additional productions wells are needed in order to meet demands until 2070. The ASR aspect of this conjunctive use strategy would fully utilize the MAG by pumping at the allowable rate year round.

54. Description of Project, including a bulleted list of project elements/components, and alternatives considered (including existing facilities):
See attachment of project summary

A complete preliminary engineering feasibility data must include:

- a. A description and purpose of the project, including existing facilities.
 - Note: CWSRF and DWSRF must address issues scored in Intended Use Plan submittal
 - Attached Initial work completed by CDM Smith for 2016 Region G Water Plan**
- b. **If project is for Construction only, then attach** the appropriate Engineering Feasibility Report:
 - a) **Water** (TWDB-0555 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0555.pdf>)
 Attached
 - b) **Wastewater** (TWDB-0556 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0556.pdf>)
 Attached
- c. DWSRF applicants must complete a Projected Draw Schedule **N/A** (TWDB-1202 at <http://www.twdb.texas.gov/financial/instructions/doc/TWDB-1202.xls>)

55. Water Made Available (For projects requesting a construction component):

- a. *New supply* 11,900 (acre-feet/year) \$18,000,000.00 (\$) *capital cost*
 - The **increase** in the total annual volume of water supply that will be made available to the recipient(s) by the proposed project.
 - Water Plan project examples: new groundwater wells, reservoir development, pipelines to sources.
- b. *New Conservation savings* _____ (acre-feet/year) _____ (\$) *capital cost*
 - Annual volume of anticipated water savings resulting from implementation of the proposed conservation project (including water loss) and other conservation activities,
 - Water Plan project examples: municipal conservation, advanced Water Conservation, on-farm conservation, brush control, irrigation conservation.
- c. *New Reuse supply* _____ (acre-feet/year) _____ (\$) *capital cost*

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Increase in the annual volume of (direct or indirect) reuse water supply that will be made available to the recipient(s) by the proposed project.
- Water Plan project examples: direct reuse, non-potable reuse, recycled water programs.

d. *Maintenance of Current Supply* _____ (acre-feet/year) _____ (\$) capital cost

- Volume of recipients' current supplies that will be maintained by implementing the proposed project
- Water Plan project examples: None. Not a water plan project. (Examples of these type projects: treatment rehabilitation, system storage facilities, system upgrades).

56. Project Location:

Project located within the City of Bryan in Brazos County. The first phase of this project would involve constructing one ASR well and one recovery well (Well No. 1 and 2). Well No. 1 is located on property owned by the City of Bryan, and Well No. 2 is located on a parcel owned by the Bryan Business Council. The City is currently in negotiations with the Bryan Business Council to purchase the two acres identified for the well site. In addition to the wells required for this strategy, two-way pipelines between the ASR well field and the Well Field Pump Station, an ASR pump station at Well Field Pump Station, and an interconnect into the storage tanks are needed. To meet the predicted ASR use needs, the City of Bryan would need to begin storing ASR water using Well No. 10 and initiate piloting of this well as soon as possible. The target aquifer for storing the water is the brackish water zone of the Simsboro unit of the Wilcox Group.

Attach a map of the service area and drawings as necessary to locate and describe the project. The map should show the project footprint and major project components.

Attached

57. Attach the Census tract numbers in which the applicant's service area is within. The Census tracts within your area may be found at:

<http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Please follow these steps:

- Select Advanced Search.
- Select the Geographies button located below Topics (left side of page).
- On the top of the window select the Name tab.
- In the text box, type "All Census Tracts within____" (Fill in the blank with the name of a County Subdivision or a Place.) Select "Go".
- If your town is a County Subdivision, select the geography labeled "All Census Tracts (or parts) within City, County, State" from the Geography Results. If your town is a place select the geography labeled "All Census Tracts (or parts) full-or-partially within City, State" from the Geography Results.
- Close the Geographies Search window.
- Use the Topics on the left side of the page to further refine your search or to select a table(s) from your search results.

Attached Census tracts

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

58. Project Schedule:
- a) Requested loan closing date.
For planning, acquisition, design and permitting activities, the City of Bryan anticipates closing on the first funding request in November 2016. For construction activities, the City of Bryan anticipates closing on the second funding request in September 2017.
 - b) Estimated date to submit environmental planning documents.
June 21, 2017
 - c) Estimated date to submit engineering planning documents.
August 7, 2017
 - d) Estimated date for completion of design.
February 28, 2018
 - e) Estimated Construction start date for first contract.
June 4, 2018
 - f) Estimated Construction end date for last contract.
March 4, 2019
59. **Attach** a copy of current and future populations and projected water use or wastewater flows. Include entities to be served.
 Attached
60. Attach the most current itemized project cost estimate (include all costs and funding sources). Utilize the budget format provided (TWDB-1201 at <http://www.twdb.texas.gov/financial/instructions/>. If applying for pre-construction costs only (i.e., P, A, D) then itemize only the relevant portions in the attached budget template
 Attached
61. Attach the appropriate Project Information Form:
 Wastewater: Attached a completed Wastewater Project Information Form WRD-253a <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Water: Attached a completed Water Project Information Form WRD-253d <http://www.twdb.texas.gov/financial/instructions/index.asp>
62. If the project is for Construction only, wastewater projects that involve the construction of a new plant or the expansion of an existing plant and/or associated facilities, attach evidence that an application for a new Texas Pollution Discharge Elimination System Permit or amendment to an existing permit related to the proposed project has been filed with the Texas Commission on Environmental Quality (TCEQ). Final permit authorization must be obtained from the TCEQ before funds can be released for construction activities.
 Attached
 No. Provide explanation: N/A
63. If this project will result in: (a) an increase by the applicant in the use of groundwater, (b) drilling a new water well, or (c) an increase by the applicant in use of surface water, then the applicant must demonstrate that it has acquired – by contract, ownership or lease – the necessary property rights, groundwater permits, and/or surface water rights sufficient for the project before funds can be released for construction.
- a) Does the applicant currently own all the property rights, groundwater permits and surface water rights needed for this project?

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

- Yes If yes, please attach the completed, appropriate form.
1. WRD 208A (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Surface Water)
 Attached
 2. WRD 208B (<http://www.twdb.texas.gov/financial/instructions/index.asp>) (Groundwater)
 Attached
- No
- N/A

b) If all property rights, groundwater permits, and surface water rights, needed for this project have not yet been acquired, identify the rights and/or permits that will need to be acquired and provide the anticipated date by which the applicant expects to have acquired such rights and/or permits.

Type of Permit Water Right	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	Permit / Water Right ID No.

c) List any major permits not identified elsewhere that are necessary for completion of project. Also, list any more necessary minor permits that may involve particular difficulty due to the nature of the proposed project.

Permit	Issuing Entity	Permit Acquired (Y/N)
Type V Permit-ASR Construction & Operations	TCEQ	N
Bore Permit	Union Pacific Railroad	N
Archeological Evaluation Permit	THC	N

64. Has the applicant obtained all necessary land and easements for the project?

- Yes. If yes, attach the site certificate (ED-101 at <http://www.twdb.texas.gov/financial/instructions/index.asp>)
 Attached
- No. If no, **fill out the table below** and describe the land or easements that will need to be acquired, provide the anticipated date by which the applicant expects to have the land or easements, and indicate if funding from TWDB is to be used for the acquisition.

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Description of Land or Easement Permit	Entity from which the permit or right must be acquired	Acquired by lease or full ownership	Expected acquisition date	To Be Funded by TWDB (Yes/No)
Well No. 2 Site	Bryan Business Council	Full Ownership	March 1, 2017	Yes

65. Has a Categorical Exclusion (CE), Determination of No Effect (DNE), Finding of No Significant Impact (FONSI), Record of Decision (ROD), or any other environmental determination been issued for this project?
- Yes
 Attach a copy of the finding.
 No
66. Is the project potentially eligible for a Categorical Exclusion (CE)/ Determination of No Effect (DNE) because it involves only minor rehabilitation or the functional replacement of existing equipment?
- Yes
 No
67. Are there potentially adverse environmental or social impacts that may require mitigation or extensive regulatory agency or public coordination (e.g. known impacts to properties eligible for listing on the National Register of Historic Places; potentially significant public controversy; need for an individual permit from the U.S. Army Corps of Engineers)?
- Yes
 If yes, attach additional information
 No

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part E: State Water Implementation Fund for Texas (SWIFT) Applicants Only:

68. Identify the type of SWIFT funding (If more than one funding option is being requested indicate the amount of funding for each):

- | | | |
|-------------------------------------|---------------------|-----------------|
| <input type="checkbox"/> | Deferred | \$ |
| <input checked="" type="checkbox"/> | Low Interest Loan | \$18,000,000.00 |
| <input type="checkbox"/> | Board Participation | \$ |

69. For multi-year funding request or phased commitments, provide a schedule reflecting the closing dates for each loan requested.

Attached

For planning, acquisition, design and permitting activities, the City of Bryan anticipates closing on the first funding request in November 2016. For construction activities, the City of Bryan anticipates closing on the second funding request in September 2017.

70. **Notice to SWIFT Applicants:** Texas Water Code Sec. 15.435(h) requires all recipients of financial assistance from the SWIFT to acknowledge any applicable legal obligations in federal law, related to contracting with disadvantaged business enterprises, and state law, related to contracting with historically underutilized businesses. Checking the boxes below serves as this acknowledgement.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with any applicable legal obligations in federal law related to contracting with disadvantaged business enterprises.

As an applicant for financial assistance from SWIFT, I acknowledge that this project must comply with applicable legal obligations in state law (Texas Government Code Chapter 2161 and Texas Administrative Code Chapter 20, Subchapter B) related to contracting with historically underutilized businesses.

71. Provide drafts of the following documents:

a. Proposed Bond Ordinance

Attached

b. Private Placement Memorandum

Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part F: Economically Distressed Programs (EDAP) Applicants Only: NOT APPLICABLE

In accordance with TWDB Rules (31 TAC Chapter 363), an application for EDAP will **not** be considered until the County has adopted and is enforcing the Model Subdivision Rules (MSRs) Texas Water Code § 16.343. If the proposed project is within a municipality or its extraterritorial jurisdiction (ETJ), or if the applicant is a municipality, the municipality must also have adopted and be enforcing MSRs.

72. Describe procedures for collecting monthly customer bills (include procedures for collection of delinquent accounts)

73. Is financing being requested for a **wastewater** project?
 Yes If yes, does the applicant have the required resolution/ordinance establishing a mandatory hookup policy?
 Yes. If yes, attach a copy of the resolution/ordinance.
 Attached
 No. If no, explain _____
 No
74. Required documentation for the project area for Preliminary EDAP Eligibility (31 TAC Chapter 363)
 Attached documentation of inadequacy of water and/or wastewater services.
 Attached documentation regarding the financial resources of the residential users in the EDAP area. Census data or documentation regarding median household income should be provided.
 Attached documentation demonstrating existence of a residence in the project area prior to **June 1, 2005**. This could include tax records of residence, dated aerial maps, or, other documentation demonstrating existence of a residence.
75. Has the Department of State Health Services issued a determination stating a public health nuisance exists in the project area?
 Yes If yes, attach a copy of the determination.
 Attached
 No If no determination exists, attach documentation demonstrating a public health nuisance exists in the project area. (*Photographs may be submitted, but they **must** be labeled with location and date when taken. If the soil types are mentioned in the project area as an issue, include soil profile maps*) This documentation will be used by TWDB staff to request a determination from the Department of State Health Services
 Attached
76. Is this project providing new service?
 Yes If yes, attach plats of the affected subdivisions.
 Attached
 No
77. Attach an EDAP Facility Engineering Plan/Scope of Services report that complies with the requirements of WRD-023A. <http://www.twdb.texas.gov/financial/instructions/index.asp>
 Attached

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part G: CWSRF/DWSRF Applicants Only NOT APPLICABLE

Only applicants applying for funding from the CWSRF and DWSRF Programs must complete this section.

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to obtain a DUNS number that will represent a universal identifier for all federal funding assistance. DUNS numbers can be obtained from Dun and Bradstreet at <http://fedgov.dnb.com/webform/>

78. Applicant's Data Universal Number System (DUNS) Number:
DUNS _____

Pursuant to Federal Funding Accountability and Transparency Act (FFATA) the applicant is required to register with System for Award Management (SAM) and maintain current registration at all times during which the Board loan agreement is active or under consideration by the Board. Register at: <https://sam.gov>.

79. The applicant has registered and will maintain current SAM registration at all times during which a federal sub-award is active or under consideration by the Board.
 Yes
 No

80. Federal Awards information:

1. Did applicant receive over 80% of their revenue from Federal Awards last year?

Yes
 No

2. Did applicant receive over \$25 million in Federal Awards last year?

Yes
 No

3. Public does not have access to executive compensation information via SEC or IRS reports?

Yes
 No

81. If applicant checked **YES** to **ALL** three boxes in 3 above, applicant is required to disclose the name and compensation of the five most highly compensated officers.

Officer's Name	Officer's Compensation (\$)

82. Complete form WRD 213 (<http://www.twdb.texas.gov/financial/instructions/index.asp>) - Certification Regarding Lobbying

Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

83. If applying for CWSRF Equivalency or DWSRF, **attach** the Certification Regarding Debarment, Suspension and Other Responsibility. SRF-404
(<http://www.twdb.texas.gov/financial/instructions/doc/SRF-404.pdf>)

Attached Yes
 No
 N/A

84. If applying for CWSRF Equivalency or DWSRF, **attach** the Assurances – Construction Programs. EPA-424D (<http://www.twdb.texas.gov/financial/doc/EPA-424D.pdf>)

Attached Yes
 No
 N/A

85. The applicant must comply with the Davis-Bacon Act regarding prevailing wage rates. The applicant acknowledges that they are aware of, and will abide by, the Davis-Bacon Act requirements.

Yes
 No

Further information on the Davis-Bacon requirement is available through the TWDB Guidance document, DB-0156 (<http://www.twdb.texas.gov/financial/instructions/index.asp>)

All project costs funded by the TWDB through CWSRF Equivalency or DWSRF must comply with the federal Disadvantaged Business Enterprise (DBE) program rules and requirements. The federal DBE program requires a good faith effort to contract with DBE's for all procurements including: professional and non-professional consulting services, equipment, supplies and construction to be funded by federal equivalency dollars. Guidance and forms are found at:

TWDB-0210 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0210.pdf>)

86. **At a minimum, you must complete and attach** the Applicant Affirmative Steps Certification and Goals. This form is required to obtain a financial assistance commitment.

TWDB-0215 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0215.pdf>)

Attached Yes
 No

87. If you have already solicited contractors, complete and attach the Affirmative Steps Solicitation Report. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-216 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0216.pdf>)

Attached Yes
 No
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

88. If you have awarded contracts to contractors, complete and attach the Loan/Grant Participation Summary. This form must be submitted for review prior to loan closing and release of funds. This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-0373 (<http://www.twdb.texas.gov/financial/doc/TWDB-0373.pdf>)

Attached Yes
 No
 N/A

89. All Contractors that have been awarded will need to complete and attach the Prime Contractor Affirmative Steps Certification and Goals This form is required prior to loan closing and release of any funds; therefore, if this question is not applicable at this time, select N/A.

TWDB-217 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0217.pdf>)

Attached Yes
 No
 N/A

90. **All CWSRF applicants** must be a Designated Management Agency (DMA) for wastewater collection and treatment. Please complete and attach DMA resolutions. WRD-210 (<http://www.twdb.texas.gov/financial/doc/WRD-210.pdf>) is an example of this type of resolution.

Attached
 N/A

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part H: Documentation of "Green" Projects and Project Components **NOT APPLICABLE**
CWSRF and DWSRF Applicants Only

All SRF applicants must complete this section if green benefits are all or part of the project (more than an incidental benefit). Project is defined as the entire project or a stand-alone component of the project. This section is required so that the TWDB may determine whether the project qualifies as "green" pursuant to Environmental Protection Agency (EPA) Guidance.

A project (or project component) is "green" if the primary purpose qualifies under EPA Guidance as one of the following:

- a. Green Infrastructure,
- b. Water Efficiency-related,
- c. Energy Efficiency-related, or
- d. Environmentally Innovative.

You must use the Green Project Reserve guidance to complete this section. Current guidance may be found at: **Green Project Reserve: Guidance for determining project eligibility**
TWDB-0161 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0161.pdf>)

91. Does your project or a component of your project qualify as Green, per EPA guidance?
 Yes
 No

If Yes, Please complete the remainder of Section G.

92. Type of Green Project
 Water Efficiency Energy Efficiency Green Infrastructure Environmentally Innovative

93. The correct worksheets must be completed.
Green Project Reserve: CWSRF Green Project Worksheets
TWDB-0162 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0162.pdf>)
Attached Yes
 No
 N/A

- Green Project Reserve: DWSRF Green Project Worksheets**
TWDB-0163 (<http://www.twdb.texas.gov/financial/instructions/doc/TWDB-0163.pdf>)
Attached Yes
 No
 N/A

TWDB will make the final determination whether your project (or project component) meets federal criteria as "green". You may be required to submit a **business case, utilizing the Green guidance**

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part I: Summary of attachments to application

Following is a list of the documents that may be necessary in order to process this application. While not all of the listed information below may be required for all projects, an applicant should review the application carefully because incomplete applications will not be processed until all of this information has been provided. In addition, please make sure your entity system name appears on every attachment. **Label each attachment with the number of the pertinent application section (i.e. "Part B5").**

Check list for your convenience

Part A

- No. 6
- No. 12

General Information

Draft or executed consulting contracts (engineering, financial advisor, bond counsel)
Existing security document for refinancing

Part B

- No. 17
- No. 18
- No. 19
- No. 20

Legal

Resolution (TWDB-0201A)
Application Affidavit (TWDB-0201)
Certificate of Secretary (TWDB-201B)
Water Supply Corporations

- Articles of Incorporation
- Certificate of incorporation from the Texas Secretary of State
- By-laws and any amendments
- Certificate of status from the Texas Secretary of State
- Certificate of account status from Texas Comptroller

- No. 21
- No. 22
- No. 23
- No. 24
- No. 25
- No. 26

Resolution/ordinance authorizing the issuance of parity debt
Certificate of Convenience & Necessity
Enforcement Actions
Affidavit of No Objection
Two copies of the Water Conservation Plan (TWDB-1968 and TWDB-1965)
Water use surveys

- No. 27

Water Loss Audit
<http://www.twdb.texas.gov/waterplanning/waterusesurvey/index.asp>
<http://www.twdb.texas.gov/conservation/resources/waterloss-resources.asp>

Part C

- No. 39
- No. 40
- No. 45
- No. 46
- No. 47
- No. 49
- No. 52

Financial

Assessed Values by Classifications
Direct and Overlapping Tax Table
Proforma for each year of debt outstanding
Five year comparative system operating statement.
Annual audit and management letter
Outstanding debt schedule
Service provider contracts

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part D

Project Information

- No. 54a Preliminary Engineering Feasibility Data (PEFD)
- No. 54b Engineering Feasibility Report
 - Water (TWDB-0555)
 - Wastewater (TWDB-0556)
- No. 54c Project Draw Schedule (TWDB-1202)
- No. 56 Project Map
- No. 57 Census Tract(s)
- No. 59 Current and future populations and projected water use or wastewater flows
- No. 60 Project Cost Estimate Budget (TWDB-1201)
- No. 61 Wastewater Project Information Form (WRD-253a)
Water Project Information Form (WRD-253d)
- No. 62 Texas Pollution Discharge Elimination System Permit
- No. 63 If applicant has property rights and permits
 - a. WRD-208A (Surface Water)
 - b. WRD-208B (Groundwater)
- No. 63c Additional Permits
- No. 64 Site certificate, evidencing land ownership for the project. (ED-101)
- No. 65 Categorical Exclusion (CE), Finding of No Significant Impact (FONSI), Record of Decision or any other supporting document
- No. 67 Social or environmental issues

Part E

State Water Implementation Fund for Texas

- No. 69 Multi-year/phased commitment schedule
- No. 71a Draft Bond Ordinance
- No. 71b Private Placement Memorandum

Part F

Economically Distressed Areas Program

- No. 73 Resolution/ordinance establishing a mandatory hookup policy
- No. 74 EDAP applicants
 - Inadequacy documentation
 - Financial resources documentation
 - Existence of residences prior to 06/01/2005
- No. 75 Public health nuisance
- No. 76 Plats
- No. 77 EDAP Planning Phase – Facility Engineering Plan/Scope of Services (WRD-023A)

Part G

CWSRF/DWSRF Applicants Only

- No. 82 Lobbying Activities (WRD-213)
- No. 83 Certification Regarding Debarment, Suspension and Other Responsibility Requirements. (SRF-404)
- No. 84 Assurances – Construction Programs (EPA-424D)
Disadvantaged Business Requirements Guidance (TWDB-0210)
- No. 86 Affirmative Steps Certification and Goals (TWDB-0215)
- No. 87 Affirmative Steps Solicitation Report (TWDB-216)
- No. 88 Loan/ Grant Participation Summary (TWDB-0373)
- No. 89 Prime Contractor Affirmative Steps Certification and Goals (TWDB-217)
- No. 90 Designated Management Agency (WRD-210)

Part H

Green Projects

- No. 93 Guidance (TWDB-0161)
CWSRF Green Project Worksheets (TWDB-0162)
DWSRF Green Project Worksheets (TWDB-0163)

Please label each attachment with the number of the pertinent application section (i.e. "Part D5")

Part J: Guidance and Forms

Part A

General Information

CWSRF – 31 TAC 375

DWSRF – 31 TAC 371

EDAP and SWIFT - 31 TAC 363

For more information visit, <http://www.twdb.texas.gov/about/rules/index.asp>.

Part D

Project Information

[State Programs - 31 TAC 363](#)

[Drinking Water State Revolving Fund - 31 TAC 371](#)

[Clean Water State Revolving Fund / Equivalency - 31 TAC 375](#)

[Clean Water State Revolving Fund / Non-Equivalency - 31 TAC 375](#)

Guidelines for Environmental Assessment, Clean Water Non-Equivalency (ED-001A)

Clean Water EID Instructions (SRF-099)

Guidelines for Environmental Assessment, State Participation, DFund, RWF and WIF,
(ED-001B)

Guidelines for Environmental Assessment, EDAP (ED-001C)

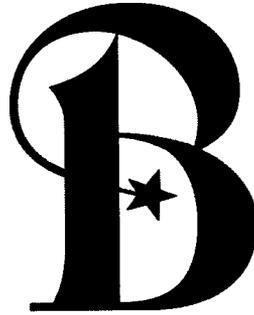
Drinking Water EID Instructions (DW-001)

Part H

Green Projects and Project Components

Green Project Reserve: Guidance for determining project eligibility
(TWDB-0161)

**ATTACHMENTS –
PART A**



CITY OF BRYAN
The Good Life, Texas Style.™

CONTRACT BETWEEN

CITY OF BRYAN

AND

ANDREWS KURTH, LLP

RFQ #14-041

BOND COUNSEL SERVICES

AND

RELATED ADVISORY SERVICES

**CONTRACT
FOR
Bond Counsel Services and Advisory Services**

This Contract, dated , 2015, is between the **City of Bryan**, a Texas home-rule municipal corporation, (the City) and Andrews Kurth LLP (the FIRM), whereby the FIRM agrees to provide the City with certain services as described herein and the City agrees to pay the FIRM for those services.

1. Scope of Services

In consideration of the compensation stated in **Paragraph 2**, the FIRM agrees to provide the City with the services as described in **Exhibit A – RFQ #14-041, Bond Counsel Services and Related Advisory Services and Exhibit B – Andrews Kurth LLP - Submittal to the City of Bryan** which is incorporated herein by reference for all purposes, and which services may be more generally described as follows:

“Bond Counsel Services and Related Advisory Services”

2. Payment

In consideration of the FIRM’s provision of the services in compliance with all terms and conditions of this Contract, the City shall pay the FIRM according to the terms set forth in **Exhibit A and Exhibit B inclusive of the “Engagement Letter”**; services will be provided on as needed basis.

3. Time of Performance

A. All work and services provided under this Contract must be completed as outlined in **Exhibit A and Exhibit B**.

B. **Time is of the essence of this Contract.** The FIRM shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the project timeline specified in **Exhibit A and Exhibit B**.

4. Warranty, Indemnification, & Release

A. As an experienced and qualified FIRM, the FIRM warrants that the information provided by the FIRM reflects high professional and industry standards, procedures, and performances. The FIRM warrants that the performance of all services under this Contract will be pursuant to a high standard of performance in the profession. The FIRM warrants that the FIRM will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval of the City shall not constitute, or be deemed, a release of the responsibility and liability of the FIRM, its employees, agents, or associates for the exercise of skill and diligence to promote the accuracy and competency of their services, or any document, nor shall the City's approval be deemed to be the assumption of responsibility by the City for any defect or error in the aforesaid documents prepared by the FIRM, its employees, associates, agents, or subcontractors.

B. The FIRM shall promptly correct any defective services or documents furnished by the FIRM at no cost to the City. The City's approval, acceptance, use of, or payment for, all or any part of the FIRM's services hereunder or of the scope of work itself shall in no way alter the FIRM's obligations or the City's rights hereunder.

C. In all activities or services performed hereunder, the FIRM is an independent contractor and not an agent or employee of the City. The FIRM and its employees are not the agents, servants, or employees of the City. As an independent contractor, the FIRM shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by the City, the FIRM shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The FIRM shall have ultimate control over the execution of the professional services. The FIRM shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subcontractors, and the City shall have no control of or supervision over the employees of the FIRM or any of the FIRM's subcontractors.

D. The FIRM must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subcontractors, licensees, and other persons, as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that the City shall not be liable or responsible for the negligence of the FIRM, its officers, employees, agents, subcontractors, invitees, licensees, and other persons.

~~E. Responsibility for damage claims (indemnification): FIRM shall defend, indemnify and save harmless the City and all its officers, agents, and employees from all suits, actions, or claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person or persons or property resulting from the FIRM's negligent performance of the work, or by or on account of any claims or amounts recovered under the Worker's Compensation Law or any other law, ordinance, order or decree, and his sureties shall be held until such suit or suits, action or actions, claim or claims for injury or damages as aforesaid shall have been settled and satisfactory evidence to the effect furnished the City. The FIRM shall defend, indemnify and save harmless the City, its officers, agents and employees in accordance with this indemnification clause only for that portion of the damage caused by FIRM's negligence.~~

F. Release. The FIRM releases, relinquishes, and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to, sickness or death of the FIRM or its employees and any loss of or damage to any property of the FIRM or its employees that is caused by or alleged to be caused by, arises out of, or is in connection with the FIRM's negligent performance of the work. Both the City and the FIRM expressly intend that this release shall apply regardless of whether said claims, demands, and causes of action are covered, in whole or in part, by insurance.

5. FIRM's Insurance

The FIRM agrees to maintain, on a primary basis, for the duration of this contract the insurance coverages and limits as described below. The FIRM must deliver to the City a certificate(s) of insurance evidencing that such policies are in full force and effect with verification within five (5) business days of notification of the City's intent to award a contract. Failure to meet the insurance requirements and provide the required certificate(s) and any necessary endorsements within five (5) business days may cause the proposal to be rejected. The City reserves the right to obtain complete, certified copies of all required insurance policies at any time.

The requirements as to types and limits, as well as the City's review or acceptance of insurance coverage to be maintained by the FIRM, is not intended to nor shall in any manner limit or qualify the liabilities and obligations assumed by the FIRM under the Agreement.

WORKERS' COMPENSATION INSURANCE & EMPLOYERS' LIABILITY INSURANCE – Statutory & \$500,000/\$500,000/\$500,000 Contractor agrees to maintain Worker's Compensation Insurance & Employers Liability. In the event any work is sublet, the Contractor shall require the subcontractor similarly to provide the same coverage and shall himself acquire evidence of such coverage on behalf of the subcontractor. Waiver of subrogation in favor of the City required. This requirement may be waived with satisfactory evidence that the contractor is sole proprietor(s)/has no employees.

COMMERCIAL GENERAL LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain a standard ISO version Commercial General Liability occurrence form, or its equivalent providing coverage for, but not limited to, Bodily Injury and Property Damage, Premises/Operations, Products/Completed Operations, Independent Contractors. Additional insured endorsement required.

BUSINESS AUTOMOBILE LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain a standard ISO version Business Automobile Liability, or its equivalent, providing coverage for all owned, non-owned, and hired automobiles. Should the Contractor not own any automobiles and furnish satisfactory evidence of this, the business auto liability requirement shall be amended to allow the Contractor to agree to maintain only Hired & Non-Owned Auto Liability. This amended coverage requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto policy.

PROFESSIONAL LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain Professional (Errors & Omissions) Liability to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission of the contractor or any person employed or acting on the contractor's behalf (including but not limited to sub-contractors). For policies written on a "claims-made" basis, contractor agrees to maintain a retroactive date prior to or equal to the effective date of this contract and that continuous coverage will be maintained or a supplemental extended reporting period will be purchased with a minimum reporting period not less than two years after the completion of this contract. The contractor is solely responsible for any additional premium for the supplemental extended reporting period.

UMBRELLA or EXCESS LIABILITY Contractor may satisfy the minimum liability limits required for Commercial General Liability and Business Auto Liability under an Umbrella or Excess Liability policy. The annual aggregate limit shall not be less than the highest "each occurrence" limit. Contractor agrees to endorse City as an additional insured, unless the Certificate states the Umbrella or Excess Liability provides coverage on a pure "True Follow Form" basis.

CONTRACTOR'S INSURANCE TO BE PRIMARY Contractor's insurance shall be deemed primary with respect to any insurance or self-insurance carried by the City for liability arising out of operations under the contract.

DEDUCTIBLES, COINSURANCE PENALTIES, & SELF-INSURED RETENTION Contractor shall agree to be fully and solely responsible for any costs or expenses as a result of a coverage deductible, coinsurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, coinsurance penalty, or self-insured retention.

RIGHT TO REVIEW AND ADJUST The City reserves the right to review these requirements and to modify insurance coverage and their limits when deemed necessary and prudent. Furthermore, the City reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition.

SUBCONTRACTOR'S INSURANCE Contractor shall agree to cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified, provided the Contractor's insurance does not afford coverage on behalf of the subcontractor.

CERTIFICATE OF INSURANCE Contractor shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements. The certificate must be from a company with an A.M. Best rating of "A-" or better and/or otherwise acceptable to the City. Certificates must be submitted using the ACORD form and all endorsements must be included with the submittal. The certificate(s) shall contain a provision that coverage under such policies shall not be cancelled or non-renewed until at least thirty (30) days prior written notice, or ten (10) days' notice for cancellation due to non-payment of premiums, is given the City of Bryan.

If the event the City is notified that a required insurance coverage will cancel or non-renew during the contract period, the Contractor shall agree to furnish prior to the expiration of such insurance, a new or revised certificate(s) as proof that equal and like coverage is in effect. The City reserves the right, but not the obligation, to withhold payment to Contractor until coverage is reinstated. If the Contractor fails to maintain the required insurance, the City shall have the right, but not the obligation, to purchase the required insurance at Contractor's expense.

Certificates and notices should be provided to the City at the following address:

City of Bryan
Attn: Risk Department
PO Box 1000
Bryan, TX 77805

6. Termination

A. The City may terminate this Contract at any time upon **thirty (30)** calendar day's written notice. Upon the FIRM's receipt of such notice, the FIRM shall cease work immediately. The FIRM shall be compensated for the services satisfactorily performed prior to the termination date.

B. If, through any cause, the FIRM fails to fulfill its obligations under this Contract, or if the FIRM violates any of the agreements of this Contract, the City has the right to terminate this Contract by giving the FIRM **five (5)** calendar days written notice. The FIRM will be compensated for the services satisfactorily performed before the termination date.

C. No term or provision of this Contract shall be construed to relieve the FIRM of liability to the City for damages sustained by the City because of any breach of contract by the FIRM. The City may withhold payments to the FIRM for the purpose of setoff until the exact amount of damages due the City from the FIRM is determined and paid.

7. **Miscellaneous Terms**

A. This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Brazos County, Texas.

B. Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:

The City of Bryan:
Attn: Joe Hegwood, CFO
P.O. Box 1000
Bryan, Texas 77805
jhegwood@bryantx.gov
979-209-5081

The FIRM: Andrews Kurth LLP
Attn: Jerry V. Kyle, Jr.
111 Congress Ave., Suite 1700
Austin, Texas 78701
jerrykyle@andrewskurth.com
512-320-9200 (phone)
512-320-9292 (fax)

C. No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

D. This Contract represents the entire and integrated agreement between the City and the FIRM and supersedes all prior contracts, negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.

E. This Contract and all rights and obligations contained herein may not be assigned by the FIRM without the prior written approval of the City.

F. The FIRM, its agents, employees, and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Bryan, and with all applicable rules and regulations promulgated by local, state, and national boards, bureaus, and agencies. The FIRM must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.

G. Reimbursable or other miscellaneous expenses incurred by the FIRM shall be included in the contract price; additional payment for such expenses will not be considered.

H. The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.

APPROVED FOR PROCESSING:

[Signature]
Joe Hegwood, Chief Financial Officer
Date: 6/3/15

APPROVED AS TO FORM:

[Signature]
Janis Hampton, City Attorney
Date: 6-3-15

CITY OF BRYAN:

[Signature]
Jason P. Bienski, Mayor
Date: 6-10-15

ATTEST:

[Signature]
Mary L. Stratta, City Secretary
Date: 6-10-15

FIRM:

(FIRMS – Corporate Seal)

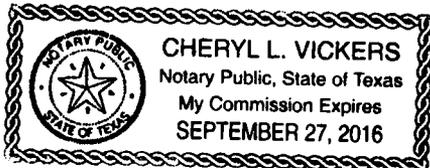
By: [Signature]
Printed Name: JERRY V. KYLE, JR.
Title: PARTNER
Date: JUNE 2, 2015

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

ACKNOWLEDGEMENT of FIRM

This instrument was acknowledged before me on the 2nd day of June, 2015, by Jerry V. Kyle, Jr. on behalf of Andrews Kurth LLP.

[Signature]
Notary Public in and for the State of Texas





ALAS
Attorneys'
Liability
Assurance
Society, Inc.

June 2, 2015

Andrews Kurth LLP
600 Travis Street
Suite 4200
Houston, TX 77002-3090

To Whom It May Concern:

CONFIRMATION OF INSURANCE

We hereby confirm that Andrews Kurth LLP has Professional Liability Coverage under Policy ALA 1541 with a limit of \$50,000,000 per claim and \$100,000,000 in the aggregate with the right, under stated conditions, to purchase extended reporting rights upon termination of such Policy by ALAS.

The self-insured retention under such Policy is \$1,000,000 each claim up to an aggregate of \$2,000,000 and \$100,000 each claim thereafter.

The Policy effective date is from January 1, 2015 to January 1, 2016.

Such Policy is subject to the terms, conditions, limitations and exclusions stated therein.

ATTORNEYS' LIABILITY ASSURANCE SOCIETY, INC., A RISK RETENTION GROUP

By:

Nancy J. Montroy
Vice President – Director of Underwriting

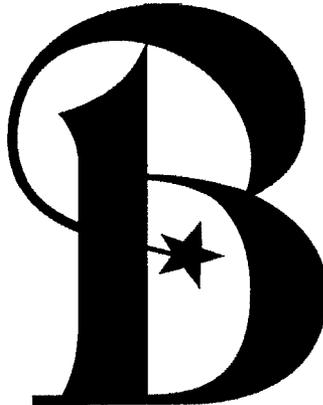
Date: June 2, 2015

311 S. Wacker Drive, Suite 5700
Chicago, IL 60606-6629
tel 312 697.6900
fax 312 697.6901

alas.com

REQUEST FOR QUALIFICATIONS

**Bond Counsel Services
And
Related Advisory Services**



CITY OF BRYAN
The Good Life, Texas Style.™

**RFQ #14-041
DUE DATE: June 5, 2014
@ 4:00 P.M. C.S.T.**

**CITY OF BRYAN
1309 E. Martin Luther King St.
Bryan, TX 77803
(979) 209-5500
www.bryantx.gov**

Disclosure Requirements

Chapter 176 of the Texas Local Government Code mandates the public disclosure of certain information concerning persons doing business or seeking to do business with the City of Bryan, including affiliations and business and financial relationships such persons may have with City of Bryan officers. An explanation of the requirements of Chapter 176, applicable forms and a complete text of the new law are available at: <http://www.bryantx.gov/departments/purchasing/texeth.htm>. If you are unable to obtain such information online, please contact the City of Bryan Purchasing Department, 1309 E. MLK St., Bryan, Texas 77803 or call (979)209-5500.

BY DOING BUSINESS OR SEEKING TO DO BUSINESS WITH THE CITY OF BRYAN, YOU ACKNOWLEDGE THAT YOU HAVE BEEN NOTIFIED OF THE REQUIREMENTS OF CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE AND THAT YOU ARE SOLELY RESPONSIBLE FOR COMPLYING WITH THEM.

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INTRODUCTION

The City of Bryan, Texas is requesting qualifications for Bond Counsel and Related Advisory Services from firms interested in contracting with the City. The scope of work shall include working with the City Attorney, City Manager, Chief Financial Officer, City Staff and the City's Financial Advisor in order to provide advice to City Staff and City Council regarding all matters of municipal finance.

The purpose of the Request for Qualifications (RFQ) process is to identify the most qualified firm. It is intended that the selected firm or team accomplish and/or supply all services outlined in this Request for Qualifications. The City has made no promises or representations and cannot offer, promise or guarantee that the selected firm will be awarded any future contracts to provide additional Bond Counsel services to the City.

Electronic or Sealed Request for Qualifications for RFQ#14-041 will be accepted until **4:00 p.m. CST on June 5, 2014**, and should be addressed to:

City of Bryan, Purchasing Department
Susan Chmelar, Buyer
1309 E. Martin Luther King St.
Bryan, Texas 77803
schmelar@bryantx.gov

NOTICE: The RFQ document, Addendum(s), Questions/Answers, Electronic SOQ's are to be **issued through an online website at <http://brazosbid.cstx.gov/>**. **(By registering on this site you are ensured to receive automatic email notifications of postings for this qualification.)** Hard copy documents are available at the Purchasing Department Office at 1309 E. Martin Luther King Jr. Street, Bryan, Texas, (979) 209-5500.

You may upload one (1) electronic document on our website. However, if you choose to respond in writing, one (1) original (marked "original"), three (3) copies and one (1) electronic version (CD-ROM, flash drive or equivalent) of the proposal must be returned in a sealed envelope clearly bearing the name and address of the respondent and the RFP number on the outside. Response packages will be accepted until 4:00 p.m. CST on June 5, 2014 and delivered as instructed above.

In order to ensure a fair and objective RFQ process and evaluation, all questions and inquiries related to this Request for Qualifications shall be addressed in writing via the Brazos Valley Online Bidding System. The deadline for written questions and inquiries is **May 22, 2014 @ 10:00 a.m.** Contact with any City of Bryan employee or official is prohibited without prior written consent from the Purchasing Department or their designee. Offerors contacting any other employee(s) or official(s) without prior written consent risk elimination of their submittal from further consideration.

The City believes that the data contained in this RFQ is sufficient for the preparation of a RFQ. Requests for additional information will be considered depending on the RFQ time frame and the availability of the requested information. Such information will be submitted to all known firms simultaneously.

SCHEDULE OF EVENTS

Release RFQ to Offeror's	May 2, 2014
Deadline for Questions	May 22, 2014 @ 10:00am
RFQ Submission Deadline	June 5, 2014 @ 4:00pm
RFQ Evaluations	June 20, 2014
Earliest Award of Contract	July 14, 2014

DEFINITIONS, TERMS AND CONDITIONS

Definitions/Clarifications

In order to simplify the language throughout this request for qualification, the following definitions shall apply:

CITY OF BRYAN/CITY – A Home Rule Municipal Corporation.

CITY COUNCIL – The elected officials of the City of Bryan, Texas, given the authority to exercise such powers and jurisdiction of all City business as conferred by the State Constitution and Laws.

CONTRACT – An agreement between the City and a Supplier to furnish supplies and/or services over a designated period of time during which repeated purchases are made of the commodity and/or service specified.

COOPERATIVE AGREEMENT – Any governmental entity(s) that has entered into a joint interlocal purchasing cooperative agreement with the City of Bryan, Texas.

OFFEROR/VENDOR/FIRM – Organization offering a proposal in response to this RFQ.

PARTICIPATING ENTITIES – The City of Bryan and any other local entity who may elect to participate in the future.

REQUEST FOR QUALIFICATION – RFQ

Receipt of Request for Qualifications

The submitted RFQ must be received by the Purchasing Department prior to the time and date specified. The mere fact that the RFQ was dispatched will not be considered; the firm must insure that the RFQ is actually delivered. RFQ's received after the date and time specified in the Schedule of Events shall be returned unopened and will be considered void and unacceptable. The City of Bryan is not responsible for lateness of mail carrier, etc., and time/date stamp in the Purchasing Department shall be the official time of receipt.

Submittals cannot be altered or amended after the closing date. Alterations made before closing must be initialed by Offeror guaranteeing authenticity. Submittals may not be withdrawn after the closing date. Submittals will be publicly acknowledged in the Purchasing Department's Conference Room at 1309 E. Martin Luther King St, Bryan, TX 77803 at the time and date specified. Offerors, their representative(s), and interested persons may be present. The submittals received will be publicly opened but not read aloud. Submittals shall remain valid for a period of ninety (90) days from the date and time of the submission deadline date.

By submitting a submittal, the Offeror's certifies that he has fully read and understands this "Request for Qualification" and has full knowledge of the scope, quantity, and quality of the services to be furnished and intends to adhere to the provisions described herein. Failure to do so will be at the Offeror's own risk, and he cannot secure relief on pleas or error. Neither law nor regulations make allowance for error of omission or commission on part of Offeror's.

Any submittal which does not contain all of the information requested in this RFQ will be considered incomplete and may be rejected by the City of Bryan.

The City of Bryan by statute is exempt from State Sales Tax and Federal Excise Tax, and the proposal price shall not include taxes.

The Offeror shall furnish any additional information as the City of Bryan may require. The City of Bryan reserves the right to make investigation of the qualifications of the Offeror(s) as they deem appropriate.

This RFQ, when properly accepted by the City of Bryan, shall constitute a contract equally binding between the successful Offeror's and the City of Bryan. No different or additional terms will become part of this Contract with the exception of a Change Order.

This RFQ does not commit the City of Bryan to award a contract, to pay any cost incurred in the preparation of a proposal, or to procure or contract for services.

Successful offeror agrees to extend prices and terms to all entities who have entered or will enter into joint purchasing inter-local cooperation agreement(s) with the City of Bryan.

Reservations

The City reserves the right to accept or reject any or all RFQs as a result of this request, to negotiate with all qualified sources, or to cancel, in part or in its entirety, this Request for Qualifications if found in the best interest of the City. All RFQs become the property of the City of Bryan.

The City reserves the right to retain all RFQs submitted and to use any idea in a submittal regardless of whether that firm or team is selected. Submission of an RFQ indicates acceptance by the firm of the terms and conditions contained in this request for qualifications, unless clearly and specifically noted in the RFQ submitted and confirmed in the contract between the City of Bryan and the firm or team selected.

The City of Bryan reserves the right to waive any informalities and technicalities and to accept the offer considered most advantageous in order to obtain the best value for the City. Causes for rejection of a submittal may include but shall not be limited to the Offeror's current violation of any City ordinance, the Offeror's current inability to satisfactorily perform the work or service, or the Offeror's previous failure to properly and timely perform its obligations under a contract with the City. Offeror's may be disqualified and rejection of submittals may be recommended for any (but not limited to) of the following causes: 1) Failure to use the forms furnished by the City; 2) Lack of signature by an authorized representative on the Certification form; 3) Failure to properly complete the submittal requirements; 4) Evidence of collusion among proposers; 5) Omission of uncertified personal or company check as a proposal guarantee (if Bid Bond required); or 6) Any alteration of the language contained within the RFQ forms. City of Bryan reserved the right to waive any minor informality or irregularity.

The City reserves the right to retain all submittals and to use any idea in submittals regardless of whether that submittal is selected. Submittals indicates acceptance by the firm of the terms and conditions contained in this RFQ, unless clearly and specifically noted in the submittals and confirmed in the contract between the City of Bryan and the firm selected.

The City of Bryan may conduct reference checks as needed to evaluate submittals. The City may contact those listed, and inclusion of this listing in your submittal is an agreement that the City may contact the named reference. The City reserves the right to contact other companies or individuals that can provide information to the City that will assist the City in evaluating the capability of the Service Provider.

Reimbursements

There is no express or implied obligation for the City of Bryan to reimburse responding firms for any expenses incurred in preparing RFQs in response to this Request for Qualifications and the City of Bryan will not reimburse responding firms for these expenses, nor will the City pay any subsequent costs associated with the provision of any additional information or presentation, or to procure a contract for these services.

Certification

RFQs must be completed and submitted as required in this document. Certification form must be fully completed. Failure to submit the certification form within the sealed RFQ will result in the RFQ being rejected as non-responsive.

By submitting a RFQ, the Offeror's certifies that he has fully read and understands this "Request for Qualifications" and has full knowledge of the scope, quantity, and quality of the services to be furnished and intends to adhere to the provisions described herein. Failure to do so will be at the Offerors own risk, and he cannot secure relief on pleas or error. Neither law nor regulations make allowance for error of omission or commission on part of Offeror's.

Standard Contracts

This Request for Qualifications includes the City's Standard Form of Agreement Contract (Exhibit A). The Firm should review this agreement thoroughly. Firms who are not willing to sign the agreement without modification need not submit. The enclosed "Certification Authorization Acknowledgment Form" must be properly executed and provided with the sealed submittals indicating the firm's willingness to execute the City's Standard Form of Agreement Contract.

Communication

The City shall not be responsible for any verbal communication between any employee of the City and any potential firm. Only written requirements and qualifications will be considered.

Management

Should there be a change in ownership or management; the contract shall be canceled unless a mutual agreement is reached with the new owner or manager to continue the contract with its present provisions and prices. This contract is nontransferable by either party.

Payment Terms

Payment will be made in accordance with a negotiated fee schedule.

Negotiations

During the evaluation process, City of Bryan reserves the right, where it may serve the City of Bryan's best interest, to request additional information or clarifications from respondents. At the discretion of the City, all firm(s) reasonably susceptible of being selected based on criteria set forth in this RFQ, may be requested to make oral presentations. Each RFQ must designate the person(s) who will be responsible for answering technical and contractual questions.

Firms' will be ranked in order of preference and final contract negotiations will begin with the top ranked firm. Should negotiations with the highest ranked firm fail to yield a contract, or if the firm is unable to execute said contract, negotiations will be formally ended and then commence with the second highest ranked firm, etc.

Disclosure

At the public opening, there will be no disclosure of contents to competing firms, and all RFQs will be kept confidential during the negotiation process. Except for trade secrets and confidential information which the Firm identifies as proprietary, all RFQs will be open for public inspection after the RFQ process.

Award of the Contract

Award of the contract shall be based on demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.

Cooperative Agreements

Successful Offeror agrees to extend prices and terms to all governmental entities that has entered into, or will enter into, joint purchasing interlocal cooperation agreements with the City of Bryan.

Addenda

In the event of a needed change in the published documents, it is understood that all the foregoing terms and conditions and all performance requirements will apply to any published addendum.

All published addenda shall be signed and included with the firm's response package as acknowledgement of the addendum. Responders are responsible for obtaining all published addenda from the City of Bryan Purchasing Office or by downloading these documents from the City of Bryan website. The City assumes no responsibility for the Responder's failure to obtain and/or properly submit any addendum. Failure to acknowledge and submit any addendum may be cause for the RFQ to be rejected. The City's decision to accept or reject any particular RFQ due to a failure to acknowledge and submit addenda shall be final.

If Qualification Results in a Contract, the Following Terms and Conditions Will Apply:

Proposers should be aware that the RFQ and the contents of the successful proposal will become a part of any subsequent contractual document that may arise from this RFQ. In case of discrepancy between the RFQ and the Offeror's Submittals, the RFQ will rule.

Award of the contract shall be based on demonstrated competence and qualifications, so long as the professional fees are consistent with, and not higher than the published recommended practices and fees of the various professional associations and do not exceed any maximums provided by state law.

The contract will remain firm for a **minimum twelve (12) month period** from the date of contract award. The City of Bryan reserves the right to extend this contract for **four (4) additional one-year periods** upon mutual agreement of all parties. Contracts can be cancelled, without penalty, with thirty (30) days written notice of cancellation by the City of Bryan.

The opportunity for City of Bryan to enter into contract with the successful Offeror(s) will remain open for a period of ninety (90) days from the date and time of the proposal submission deadline date, with the same terms, conditions and negotiated fee schedule.

The City of Bryan will not accept any contract terms that require pre-payment for services, supplies or equipment.

No oral statement of any person shall modify or otherwise change, or affect the terms, conditions, or specifications stated in the resulting contract. All Change Orders to the contract will be made in writing by the Purchasing Manager or his designee for the City of Bryan.

Should there be a change in ownership or management, the Contract shall be cancelled unless a mutual agreement is reached with the new owner or manager to continue the contract with its present provisions and prices. This Contract is nontransferable by either party.

Payment will be made in accordance with a negotiated fee schedule.

All invoicing shall be submitted in duplicate to the City of Bryan. If invoices are subject to cash discount, discount period is to be taken from the date of completion of order or date of receipt of invoice, whichever occurs last regardless of whether or not correct discount terms appear on invoice. All invoices are to be paid in full within 30 days after satisfactory delivery of services and billing.

No public official or City employee shall enter into a contract with the City that violates Local Government Code, Section 171.003.

The Offeror will be required to comply with all provisions of the President's Executive Order No. 11246 as of September 24, 1965.

Offerors are advised that all contracts are subject to all legal requirements provided in the City Charter and/or applicable City Ordinances, State, and Federal Statutes.

The City of Bryan operates and is funded on a fiscal year basis; accordingly, the City of Bryan reserves the right to terminate, without liability, any contract for which funding is not available. Renewal of contract will be in accordance with Local Government Code 271.903 concerning non-appropriation of funds for multi-year contracts.

GENERAL INFORMATION

Background

The City of Bryan is located in Central Texas between Austin and Houston. The City of Bryan was incorporated in 1872. The original square-mile town site now consists of more than 43.4 square miles. The current population estimate for Bryan is 78,061.

The City of Bryan is a home-rule city that operates under the Council-Manager form of government. The City provides a full range of municipal services as prescribed by statute or charter. These services include police, fire and emergency medical services, parks and recreational facilities, library services, street maintenance and construction, public improvements, general administrative services and electrical, water, sewer, and sanitation systems.

City Charter, Council minutes, Budget information, maps and a wealth of miscellaneous information about the City of Bryan can be found online at www.bryantx.gov.

Historical Bond Issuance

The City's fiscal year is October 1 through September 30. The City has consistently issued debt over the last ten fiscal periods. Outstanding debt at September 30, 2013 was \$370,005,000. The City's most recent issues in fiscal year 2013 included the \$27,685,000 General Obligation Bonds, Series 2013 and the \$5,600,000 Electric System Combination Tax and Revenue Certificates of Obligation, Series 2013.

The following table categorizes the City's bond issues over the last ten fiscal years:

Fiscal Year	Certificates of Obligation	General Obligation	Electric/Water/ Wastewater Revenue	Total
2004	\$ 14,730,000	\$ -	\$ 7,975,000	\$ 22,705,000
2005	15,295,000	20,195,000	19,855,000	55,345,000
2006	-	-	12,385,000	12,385,000
2007	12,000,000	-	68,610,000	80,610,000
2008	11,090,000	-	34,410,000	45,500,000
2009	8,730,000	-	32,020,000	40,750,000
2010	13,970,000	10,635,000	69,295,000	93,900,000
2011	10,785,000	-	18,730,000	29,515,000
2012	-	-	65,675,000	65,675,000
2013	5,600,000	27,685,000	-	33,285,000
	\$ 92,200,000	\$ 58,515,000	\$ 328,955,000	\$ 479,670,000

Bond Ratings

The City's current bond ratings by Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Service ("S&P") – based on the issuance of a municipal bond insurance policy—are as follows:

Rating Agency	GO's	CO's	City Elec Revenue	Rural Elec Revenue	W/WW Rev
Moody's	Aa2	Aa2	A1	A2	Aa2
S&P	AA	AA	A+	A+	A+

INTENT AND SCOPE OF WORK

The City of Bryan is requesting qualifications for Bond Counsel, and associated services in accordance with the requirements specified herein and including all provisions set forth in the accompanying documentation.

It is the City of Bryan's intent to contract with one (1) service provider for Bond Counsel, and any associated service(s).

The law firm retained as Bond Counsel shall work with the City Attorney, City Manager, Chief Financial Officer, other City staff, and the City's Financial Advisor in advising the City and the City Council regarding all matters of municipal finance. Typical services will be those customarily performed as part of a debt financing including, but not limited to, the services listed below. Please describe in detail the firm's approach to providing these services:

1. **Prepare** certain certificates and review such other documents as are customary and necessary in order to structure and issue debt.
2. **Prepare** all documents and legal opinions required for authorization and issuance of the debt including all resolutions, agreements, contracts, and ordinances.
3. **Prepare** those portions of the Preliminary Official Statement and the Official Statement relating to the description of the debt, the security thereof, and the summary of the resolution authorizing the issuance. The bond counsel will not be required to independently verify other data contained in the Preliminary Official Statement or the Official Statement.
4. **Maintain** liaison with Financial Advisor in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
5. **Provide** an opinion on matters such as the applicability of any particular provision of federal and state securities laws, the eligibility of the debt for investment by various fiduciaries and other regulated investors, the validity and enforceability of security agreements, indentures and other documents related to the debt and its security, and all other matters necessary or incidental to the issuance of debt.
6. **Assist** in presenting information to bond rating agencies.
7. **Attend** the sale, signing, and closing, and all City Council meetings relative to the issuance of the debt or any other meetings and workshops deemed necessary for that purpose by the City Council, the City Manager, the City's Chief Financial Officer or the City's Financial Advisor.
8. **Prepare** any IRS filings required by federal tax law including Form 8038-G "Information Return for Tax-Exempt Governmental Obligations."
9. **Supervise** the printing, if any, execution and delivery of the debt securities.

10. **Prepare** and distribute the final bound copies of the Transcript of Proceedings related to the debt.
11. **Provide** advice and counsel on continuing compliance with securities, tax, and other applicable laws including notice of any changes in tax law or any pending or proposed Federal and/or State legislation that could impact the City's financing plans including the structuring of debt financing to ensure federal income tax exemption status.
12. **Provide** information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
13. **Maintain** ongoing communication with the City and City staff relative to any other pertinent developments in the municipal, legal and debt financing environment.
14. **Provide** expert testimony when necessary.

SPECIAL PROVISIONS

Selection Process

A selection committee composed of the Chief Financial Officer, the Accounting Manager, and any other persons they may identify shall review all submittals.

Selection shall be based on the responsible Offeror's whose submittal(s) is determined to be the **best value to the City of Bryan**, considering the relative importance of the evaluation criteria listed herein.

The City of Bryan reserve the right to award contracts to **one or more** Offeror's submitting the best overall submittal(s) that is deemed to best represent the desires and needs of the City of Bryan; however, it is the City of Bryan's desire to contract with only one Offeror for all services outlined in the RFQ.

Oral Presentations

After all submittals have been evaluated, the selection committee may require representatives of one or more of the respondents to appear and make presentations to the selection committee for the purpose of making a final evaluation and recommendation for contract award. However, the City, may in its sole discretion, award a contract without presentations, based solely on information supplied in the responses.

News Releases/Publicity

News releases, publicity releases, or advertisements relating to this engagement or the tasks or projects associated with this engagement shall not be made without prior written approval from the City.

FORMAT REQUIREMENT

Requirements:

The following instructions describe the form in which submittals must be submitted.

Responses to the following items will be used for evaluation purposes. Submittals which do not contain responses to each of the requirement items will be considered incomplete and may be rejected by the City of Bryan.

Submittal documents should provide a straightforward, concise description of the Offeror's capabilities to satisfy the requirements of this RFQ. Emphasis should be on completeness, clarity of content, and conveyance of the information requested by the City of Bryan. The requirements stated do not preclude Offeror's herein from furnishing additional reports, functions, and costs as deemed appropriate.

You may upload one (1) electronic document on our website. However, if you choose to respond in writing, one (1) original (marked "original"), three (3) copies and one (1) electronic version (CD-ROM, flash drive or equivalent) of the proposal must be returned in a sealed envelope clearly bearing the name and address of the respondent and the RFP number on the outside. Response packages will be accepted until 4:00 p.m. CST on June 3, 2014 and delivered as instructed above.

To facilitate the review of the responses, Firms shall follow the described proposal format:

TAB A

Qualifications and Experience

1. Briefly introduce your firm, providing a summary of the administration, organization and staffing of your firm, including multiple offices, if applicable. Provide an organizational chart indicating the positions and names of the core management team which will undertake this engagement.
2. If your firm has multiple office locations, specify which location you propose to service our account.
3. Describe the qualifications and experience of the firm in the last thirty six (36) months in performing services in similar size and scope. Particular emphasis will be placed on firms that have performed service capabilities with emphasis on matters of municipal finance.
4. List the firm's professional relationships involving the City or any of its component units for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the bond counsel services.
5. Provide an affirmative statement that it is independent of the City and all of the component units of the City.
6. Provide a detailed list of recent bond counsel experience (preferably within the State of Texas) and enumerate the list by three categories – General Obligation, Revenue and all other. The list should include the name of the issuer, the amount of the issue, and the date of the issue. Only include debt issues dated in or after January 2013.
7. Provide a resume for each individual to be assigned to the City's account, with emphasis on relevant experience and expertise. Specify the proposed role of each individual and indicate the primary contact for the City. Please note: all partners

and associates providing service to the City must hold a valid license to practice law in the State of Texas.

8. Identify the project manager and each individual who will work as part of this engagement. Include resumes for each person to be assigned. Include any professional designations and affiliations, certifications and licenses, etc.
9. Describe the organization of the proposed team, detailing the level of involvement, field of expertise, and estimated hours for each member of the team.
10. Describe what municipal staff support you anticipate for the project.
11. Identify the number and type of bond counsel services presently being conducted by the Firm.
12. Disclose any court action, other than a routine test or pro forma action, which has challenged the validity of debt for which the firm has given an approving opinion.
13. Indicate any actual or potential conflicts of interest if the firm is selected to represent the City of Bryan and the City Council of Bryan, Texas, and describe how the firm would resolve any conflict.
14. Provide a summary of any litigation filed against the firm in the past three years related to bond counsel services provided by the firm including the nature of the litigation, a brief description of the case, the outcome or projected outcome, and the actual or anticipated financial settlement.
15. Describe any techniques the firm could utilize to reduce the City's debt issuance costs including anything considered to be significant, innovative or otherwise relevant to this Request for Qualification.
16. Provide a statement of financial stability for the firm including information on any current or prior bankruptcy proceedings.
17. Provide the name, address, fax, e-mail and phone number of at least three references within the State of Texas.

TAB B Project Time-Line

1. Submittals must include a time-line that includes as a minimum, each decision point and milestones for each step of the process.
2. Submittals must provide chronological time-line of each task or event and the estimated time required to complete the engagement.

TAB C Methodology including technical approach and understanding of the scope of the project.

1. Submittals must indicate a clear understanding of the scope of the work, including a detailed project plan for this engagement outlining major tasks and responsibilities, time frames, and staff assigned for each category of the scope of work identified above.
2. Submittals shall identify progress reports that will be made available during the process and key decision points.
3. Submittals shall clearly distinguish the Offeror's duties and responsibilities and those of the City. Absence of this distinction shall mean the Offeror's is assuming full responsibility for all tasks.

TAB D References

Provide references for similarly successful projects from three government agencies (preferably in Texas), including the name of the agency, contact name, telephone, fax and email address.

TAB E

Optional or Additional Information

1. Provide proposed fee schedules. The City of Bryan requires fee schedules for short and long-term debt be submitted on a transactional basis; express as a rate per \$1,000 debt issued.
2. Indicate your specific expectations concerning reimbursement for court actions, litigation summaries, conflict of interest, travel, per diem expenses, printing, video conferences, and other incidental out-of-pocket expenses for the firm.
3. Explain how your firm controls out-of-pocket expenses.
4. Firm shall incur no travel or related expenses chargeable to the City without prior approval by an authorized City representative.
5. Related expenses chargeable to the City, such as supplies, printing, binders, etc. shall be passed through at Offeror's cost. Related expenses shall not include postage, copies, telephone toll charges, or other charges incurred in the normal course of business and shall not be charged.
6. Expenses not specifically listed will not be considered reimbursable.

TAB F

Certification page, acknowledgement of any Addenda issued and a statement of *willingness to sign the City's Standard Form of Agreement.*

EVALUATION FACTORS

The City of Bryan will review all proposals to determine compliance with the requirements as specified in the RFQ. Only submittals which, in the opinion of the Selection Committee, meet the requirements of the RFQ will be further evaluated.

Submittals that pass the preliminary review will be evaluated on how well the submittal meets the needs of the City of Bryan as described in the Offeror's response to each requirement listed in the RFQ. The Selection Committee will review all written submittal that meet the minimum requirements and will select what it deems to be the top two to four submittals for further review. It is important that the responses be clear and complete so that the Selection Committee can adequately understand all aspects of the submittals.

Evaluation Factors

The City of Bryan will use the following criteria in the selection process:

- 35% Qualifications and experience of key personnel assigned to work with the City, particularly as it related to municipalities in the State of Texas.
- 15% Project Time Line
- 30% Technical ability of the Firm to perform the needed services, including the performance evaluation of any prior work experience with the City of Bryan.
- 20% References related to similar engagements with other governmental entities.
- 10% Thoroughness of the proposal in responding to the City's requirements listed under the Scope of Work.

CERTIFICATION/AUTHORIZATION/ACKNOWLEDGEMENT FORM

CERTIFICATION and AUTHORIZATION

The undersigned affirms that they are duly authorized to execute this contract, that this RFQ has not been prepared in collusion with any other firm, and that the contents of this RFQ have not been communicated to any other firm prior to the official opening of this RFQ. Additionally, the undersigned affirms that the Firm is willing to sign the enclosed Standard Form of Agreement (Exhibit B, if applicable).

Signed By: _____ Title: _____ Date: _____

Typed Name: _____ Company Name: _____

Phone No.: _____ Fax No.: _____

Bid Address: _____

P.O. Box or Street City State Zip

Order Address: _____

P.O. Box or Street City State Zip

Remit Address: _____

P.O. Box or Street City State Zip

Email: _____ Federal Tax ID No.: _____

EXHIBIT A
STANDARD FORM OF AGREEMENT CONTRACT

**CONTRACT
FOR
Bond Council and Advisory Services Services**

This Contract, dated _____, 2014, is between the **City of Bryan**, a Texas home-rule municipal corporation, (the City) and _____ (the FIRM), whereby the FIRM agrees to provide the City with certain services as described herein and the City agrees to pay the FIRM for those services.

1. Scope of Services

In consideration of the compensation stated in **Paragraph 2**, the FIRM agrees to provide the City with the services as described in **Exhibit A – RFQ #14-041 and Exhibit B – Insert Firms Name - Submittals to the City of Bryan** which is incorporated herein by reference for all purposes, and which services may be more generally described as follows:

“Bond Counsel and Related Advisory Services”

2. Payment

In consideration of the FIRM’s provision of the services in compliance with all terms and conditions of this Contract, the City shall pay the FIRM according to the terms set forth in **Exhibit A and Exhibit B**. Except in the event of a duly authorized change order, approved by the City in writing, the total cost of all professional services and expenses provided under this Contract may not exceed \$ _____.

3. Time of Performance

A. All work and services provided under this Contract must be completed as outlined in **Exhibit A and Exhibit B**.

B. **Time is of the essence of this Contract.** The FIRM shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the project timeline specified in **Exhibit A and Exhibit B**.

4. Warranty, Indemnification, & Release

A. As an experienced and qualified FIRM, the FIRM warrants that the information provided by the FIRM reflects high professional and industry standards, procedures, and performances. The FIRM warrants that the performance of all services under this Contract will be pursuant to a high standard of performance in the profession. The FIRM warrants that the FIRM will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval of the City shall not constitute, or be deemed, a release of the responsibility and liability of the FIRM, its employees, agents, or associates for the exercise of skill and diligence to promote the accuracy and competency of their services, or any document, nor shall the City's approval be deemed to be the assumption of responsibility by the City for any defect or error in the aforesaid documents prepared by the FIRM, its employees, associates, agents, or subcontractors.

B. The FIRM shall promptly correct any defective services or documents furnished by the FIRM at no cost to the City. The City's approval, acceptance, use of, or payment for, all or any part of the FIRM's services hereunder or of the scope of work itself shall in no way alter the FIRM's obligations or the City's rights hereunder.

C. In all activities or services performed hereunder, the FIRM is an independent contractor and not an agent or employee of the City. The FIRM and its employees are not the agents, servants, or employees of the City. As an independent contractor, the FIRM shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by the City, the FIRM shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The FIRM shall have ultimate control over the execution of the professional services. The FIRM shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subcontractors, and the City shall have no control of or supervision over the employees of the FIRM or any of the FIRM's subcontractors.

D. The FIRM must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subcontractors, licensees, and other persons, as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that the City shall not be liable or responsible for the negligence of the FIRM, its officers, employees, agents, subcontractors, invitees, licensees, and other persons.

E. Responsibility for damage claims (indemnification): FIRM shall defend, indemnify and save harmless the City and all its officers, agents, and employees from all suits, actions, or claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person or persons or property resulting from the FIRM's negligent performance of the work, or by or on account of any claims or amounts recovered under the Worker's Compensation Law or any other law, ordinance, order or decree, and his sureties shall be held until such suit or suits, action or actions, claim or claims for injury or damages as aforesaid shall have been settled and satisfactory evidence to the effect furnished the City. The FIRM shall defend, indemnify and save harmless the City, its officers, agents and employees in accordance with this indemnification clause only for that portion of the damage caused by FIRM's negligence.

F. Release. The FIRM releases, relinquishes, and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to, sickness or death of the FIRM or its employees and any loss of or damage to any property of the FIRM or its employees that is caused by or alleged to be caused by, arises out of, or is in connection with the FIRM's negligent performance of the work. Both the City and the FIRM expressly intend that this release shall apply regardless of whether said claims, demands, and causes of action are covered, in whole or in part, by insurance.

5. FIRM's Insurance

The FIRM agrees to maintain, on a primary basis, for the duration of this contract the insurance coverages and limits as described below. The FIRM must deliver to the City a certificate(s) of insurance evidencing that such policies are in full force and effect with verification within five (5) business days of notification of the City's intent to award a contract. Failure to meet the insurance requirements and provide the required certificate(s) and any necessary endorsements within five (5) business days may cause the proposal to be rejected. The City reserves the right to obtain complete, certified copies of all required insurance policies at any time.

The requirements as to types and limits, as well as the City's review or acceptance of insurance coverage to be maintained by the FIRM, is not intended to nor shall in any manner limit or qualify the liabilities and obligations assumed by the FIRM under the Agreement.

WORKERS' COMPENSATION INSURANCE & EMPLOYERS' LIABILITY INSURANCE – Statutory & \$500,000/\$500,000/\$500,000 Contractor agrees to maintain Worker's Compensation Insurance & Employers Liability. In the event any work is sublet, the Contractor shall require the subcontractor similarly to provide the same coverage and shall himself acquire evidence of such coverage on behalf of the subcontractor. Waiver of subrogation in favor of the City required. This requirement may be waived with satisfactory evidence that the contractor is sole proprietor(s)/has no employees.

COMMERCIAL GENERAL LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain a standard ISO version Commercial General Liability occurrence form, or its equivalent providing coverage for, but not limited to, Bodily Injury and Property Damage, Premises/Operations, Products/Completed Operations, Independent Contractors. Additional insured endorsement required.

BUSINESS AUTOMOBILE LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain a standard ISO version Business Automobile Liability, or its equivalent, providing coverage for all owned, non-owned, and hired automobiles. Should the Contractor not own any automobiles and furnish satisfactory evidence of this, the business auto liability requirement shall be amended to allow the Contractor to agree to maintain only Hired & Non-Owned Auto Liability. This amended coverage requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto policy.

PROFESSIONAL LIABILITY INSURANCE – Limit of liability not less than \$1,000,000 per occurrence Contractor agrees to maintain Professional (Errors & Omissions) Liability to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission of the contractor or any person employed or acting on the contractor's behalf (including but not limited to sub-contractors). For policies written on a "claims-made" basis, contractor agrees to maintain a retroactive date prior to or equal to the effective date of this contract and that continuous coverage will be maintained or a supplemental extended reporting period will be purchased with a minimum reporting period not less than two years after the completion of this contract. The contractor is solely responsible for any additional premium for the supplemental extended reporting period.

UMBRELLA or EXCESS LIABILITY Contractor may satisfy the minimum liability limits required for Commercial General Liability and Business Auto Liability under an Umbrella or Excess Liability policy. The annual aggregate limit shall not be less than the highest "each occurrence" limit. Contractor agrees to endorse City as an additional insured, unless the Certificate states the Umbrella or Excess Liability provides coverage on a pure "True Follow Form" basis.

CONTRACTOR'S INSURANCE TO BE PRIMARY Contractor's insurance shall be deemed primary with respect to any insurance or self insurance carried by the City for liability arising out of operations under the contract.

DEDUCTIBLES, COINSURANCE PENALTIES, & SELF-INSURED RETENTION Contractor shall agree to be fully and solely responsible for any costs or expenses as a result of a coverage deductible, coinsurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, coinsurance penalty, or self-insured retention.

RIGHT TO REVIEW AND ADJUST The City reserves the right to review these requirements and to modify insurance coverage and their limits when deemed necessary and prudent. Furthermore, the City reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition.

SUBCONTRACTOR'S INSURANCE Contractor shall agree to cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified, provided the Contractor's insurance does not afford coverage on behalf of the subcontractor.

CERTIFICATE OF INSURANCE Contractor shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements. The certificate must be from a company with an A.M. Best rating of "A-" or better and/or otherwise acceptable to the City. Certificates must be submitted using the ACORD form and all endorsements must be included with the submittal. The certificate(s) shall contain a provision that coverage under such policies shall not be cancelled or non-renewed until at least thirty (30) days prior written notice, or ten (10) days notice for cancellation due to non-payment of premiums, is given the City of Bryan.

If the event the City is notified that a required insurance coverage will cancel or non-renew during the contract period, the Contractor shall agree to furnish prior to the expiration of such insurance, a new or revised certificate(s) as proof that equal and like coverage is in effect. The City reserves the right, but not the obligation, to withhold payment to Contractor until coverage is reinstated. If the Contractor fails to maintain the required insurance, the City shall have the right, but not the obligation, to purchase the required insurance at Contractor's expense.

Certificates and notices should be provided to the City at the following address:

City of Bryan
Attn: Risk Department
PO Box 1000
Bryan, TX 77805

6. Termination

A. The City may terminate this Contract at any time upon **thirty (30)** calendar day's written notice. Upon the FIRM's receipt of such notice, the FIRM shall cease work immediately. The FIRM shall be compensated for the services satisfactorily performed prior to the termination date.

B. If, through any cause, the FIRM fails to fulfill its obligations under this Contract, or if the FIRM violates any of the agreements of this Contract, the City has the right to terminate this Contract by giving the FIRM **five (5)** calendar days written notice. The FIRM will be compensated for the services satisfactorily performed before the termination date.

C. No term or provision of this Contract shall be construed to relieve the FIRM of liability to the City for damages sustained by the City because of any breach of contract by the FIRM. The City may withhold payments to the FIRM for the purpose of setoff until the exact amount of damages due the City from the FIRM is determined and paid.

7. Miscellaneous Terms

A. This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Brazos County, Texas.

B. Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:

The City of Bryan:
Attn:
P.O. Box 1000
Bryan, Texas 77805

The FIRM:

C. No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

D. This Contract represents the entire and integrated agreement between the City and the FIRM and supersedes all prior contracts, negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.

E. This Contract and all rights and obligations contained herein may not be assigned by the FIRM without the prior written approval of the City.

F. The FIRM, its agents, employees, and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Bryan, and with all applicable rules and regulations promulgated by local, state, and national boards, bureaus, and agencies. The FIRM must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.

G. Reimbursable or other miscellaneous expenses incurred by the FIRM shall be included in the contract price; additional payment for such expenses will not be considered.

H. The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.

APPROVED AS TO FORM:

Janis Hampton, City Attorney
Date: _____

CITY OF BRYAN:

APPROVED FOR PROCESSING:

Date: _____

Jason P. Bienski, Mayor
Date: _____

ATTEST:

Mary L. Stratta, City Secretary
Date: _____

FIRM:

(FIRMS – Corporate Seal)

By: _____
Printed Name: _____
Title: _____
Date: _____

STATE OF TEXAS §
 §
COUNTY OF _____ §

ACKNOWLEDGEMENT

This instrument was acknowledged before me on the _____ day of _____, 2014, by _____ on behalf of _____.

Notary Public in and for the State of Texas

EXHIBIT "B"

Firms Name - State of Qualification to the City of Bryan

(# Pages)

**ANDREWS
KURTH**

Andrews Kurth LLP
111 Congress Avenue, Suite 1700
Austin, Texas 78701
+1.512.320.9200 Phone
+1.512.320.9292 Fax
andrewskurth.com

Jerry V. Kyle, Jr.
(512) 320-9271 Phone
(512) 542-5211 Fax
jerrykyle@andrewskurth.com

June 11, 2014

VIA OVERNIGHT DELIVERY

City of Bryan
Attn: Susan Chmelar, Buyer
1309 E. Martin Luther King St.
Bryan, Texas 77803

Re: Response to Request for Qualifications for Bond Counsel Services and Related
Advisory Services

Dear Ms. Chmelar

Andrews Kurth LLP ("Andrews Kurth") is pleased to submit this response (the "Response") to the City of Bryan (the "City") in connection with the above-referenced Request for Qualifications for Bond Counsel Services (the "Request"). Pursuant to the Request, please find enclosed one (1) original and three (3) copies of our firm's response. In addition, an electronic copy on a flash drive is also enclosed.

As requested, I have included for your review pertinent information about our firm, including Andrews Kurth's unique qualifications to represent the City, along with biographies for key legal counsel within our firm.

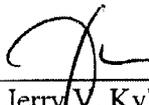
As you will note from the enclosures, Andrews Kurth is equipped to handle multi-faceted, intricate legal matters in a wide array of practice areas. We realize that deciding which legal counsel is most qualified and best suited to represent the City as Bond Counsel is an important decision. We respectfully submit that the information included in our Response demonstrates that Andrews Kurth is qualified to best meet the City's objectives and the Request's requirements.

June 11, 2014
Page 2

We look forward to the opportunity to discuss our Response further. If you need any additional information or if we can be of further assistance, please call me at (512) 320-9271.

Very truly yours,

ANDREWS KURTH LLP

By: 

Jerry V. Kyle, Jr.
Partner

vvp

Enclosures

City of Bryan

Response to Request for Qualifications
to Provide Bond Counsel Services and
Related Advisory Services

Due Date: June 12, 2014



ANDREWS

KURTH

STRAIGHT TALK IS GOOD BUSINESS.®

City of Bryan

Response to Request for Qualifications to Provide Bond Counsel Services and Related Advisory Services

Response Due: 4:00 pm, CST, June 12, 2014

City of Bryan, Texas Contact:

Susan Chmelar, Buyer
1309 E. Martin Luther King St.
Bryan, Texas 77803
979.209.5500 office
schmelar@bryantx.gov
www.bryantx.gov

Andrews Kurth LLP Contact:

Jerry V. Kyle, Jr., Partner
111 Congress, Suite 1700
Austin, Texas 78701
512.320.9271 office
jerrykyle@andrewskurth.com
www.andrewskurth.com

ANDREWS

KURTH

STRAIGHT TALK IS GOOD BUSINESS.®

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QUALIFICATIONS AND EXPERIENCE

1. Firm Introduction and Organization

Founded in 1902 in Houston, Texas, Andrews Kurth LLP is a full-service Texas based law firm of more than 400 lawyers who are organized into over 20 separate practice areas. Andrews Kurth has built a multidisciplinary practice on the belief that "straight talk is good business." Real answers, clear vision and mutual respect define the firm's relationships with clients, colleagues, communities and employees. With offices in Austin, Beijing, Dallas, Dubai, Houston, London, New York, Research Triangle Park, The Woodlands and Washington, DC, Andrews Kurth represents a wide array of clients in multiple industries.

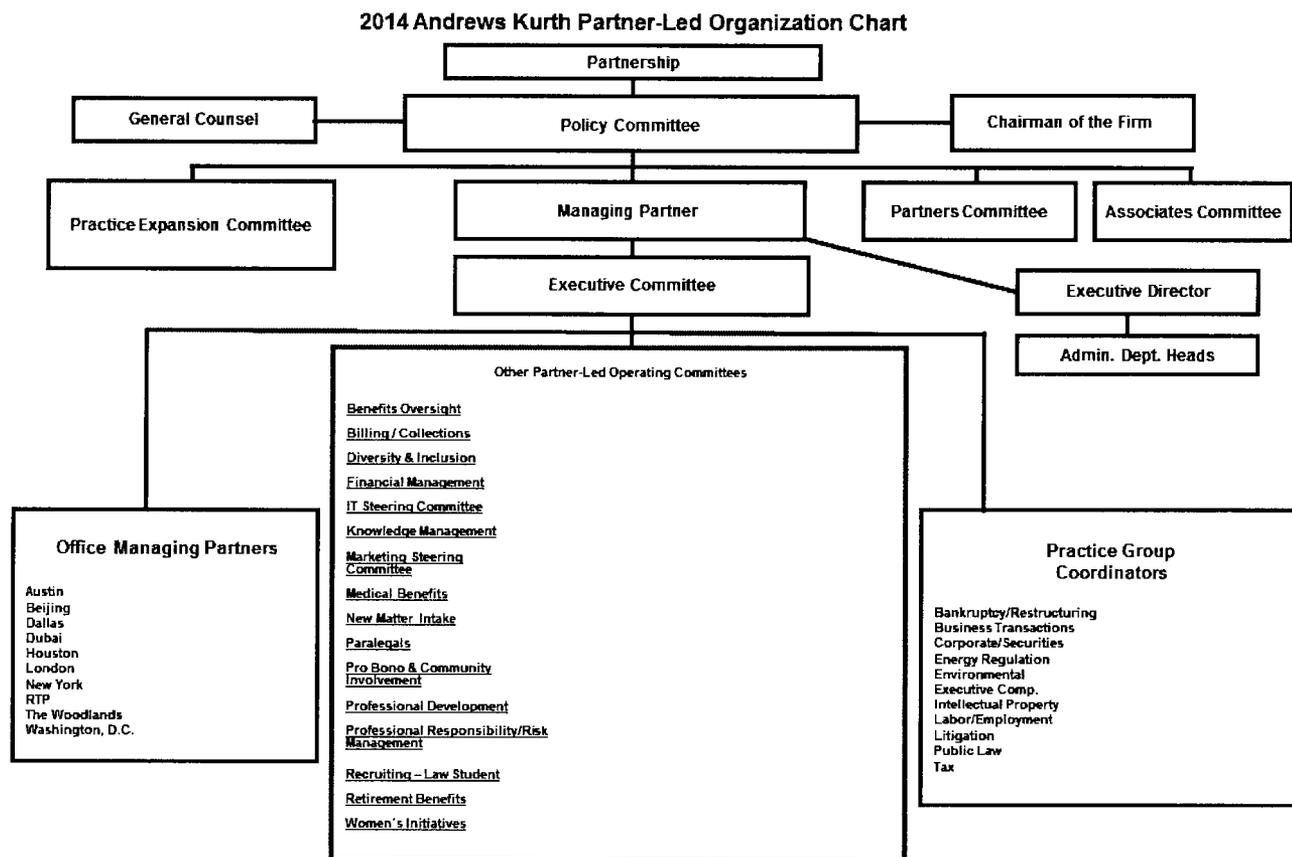
Firmwide, Andrews Kurth currently has 406 lawyers, including 205 partners, 131 associates, 40 of counsel, 9 counsel and 21 senior attorneys. In addition, the firm employs a total of 427 legal and administrative staff members in its 10 offices.

Structure of Firm

Andrews Kurth is organized as a limited liability partnership organized under the laws of the State of Texas. The Firm's Policy Committee serves as the principal governance body of the law firm with Section Heads and Administrative Staff operating thereunder. Robert Jewell is the Firm's managing partner. A listing of our firm's current leadership team can be found at <http://www.andrewskurth.com/about-leadership.html>. No recent changes in management or ownership have occurred and none are expected to take place.

Organization of Firm

The firm's leadership structure is organized as follows:

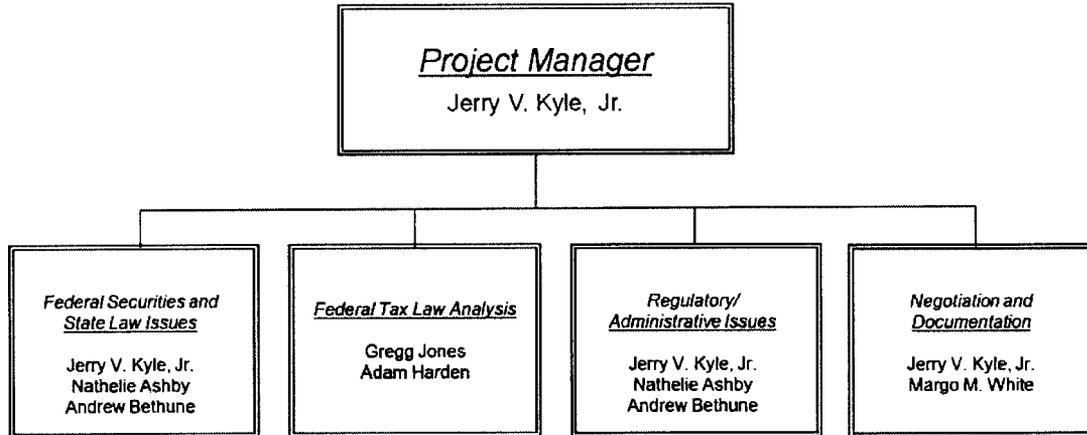


The Foundation of a Strong Firm

At our firm, having diversity and inclusion as core values is more than just the right thing to do—it's a key to our growth and success, as well as the success of our clients. We are unique among our peers to have a partner dedicated full-time to the promotion of our diversity and inclusion strategy. We recognize that women and people of color bring distinct views and life experiences that allow us to transcend cultural, gender and political issues around the globe. We have an active Women's Initiative Team that works to recruit, retain and advance our female lawyers through networking and mentoring opportunities and innovative policies, such as Flex Path, and a reduced hour partnership track. We strive to lead the way in this area, creating and retaining a high-performance team of diverse legal professionals for our clients. Attached hereto as **Attachment 1** is our firm's Commitment to Diversity and Inclusion.

Organizational Chart of Management Team

The core management team assigned to this engagement will be organized as follows:



2. Location of Services

As stated, our firm has 10 offices, including four offices in Texas. Account services will be managed from the following locations:

Federal Securities, State Law Issues, Regulatory/Admin Issues and Negotiation and Documentation	Federal Tax Law Analysis
Andrews Kurth - Austin 111 Congress, Suite 1700 Austin, Texas 78701	Andrews Kurth - Houston 600 Travis, Suite 4200 Houston, Texas 77002

3. Qualifications and Experience of the Firm

Andrews Kurth's public finance lawyers provide bond counsel services for cities and other political subdivisions and state agencies and underwriters' counsel services for major national and regional investment banking firms throughout Texas and the Southwest across a wide range of transactions. We also represent multiple commercial banks and other public finance market participants. Our public finance team is one of the largest and most experienced groups of public finance lawyers in Texas. Our lawyers have worked in various capacities on a wide range of bond transactions and other matters for many issuers for over 30 years. Our proposal consists of detailed information about our firm's qualifications and ability to serve as bond counsel to the City of Bryan (the "City").

Our role in public finance transactions typically consists of one of the following: bond counsel, disclosure counsel, special tax counsel, underwriter's counsel or bank counsel. The transactions on which Andrews

Kurth's public finance lawyers work encompass general obligation and revenue bond financings for Texas cities, counties, state agencies, school districts, conservation and reclamation districts and other special districts and non-profit corporations sponsored by governmental entities. Areas of municipal bond specialization include ad valorem tax secured financing, revenue-supported financing, commercial paper and variable rate financing, anticipation note transactions and other short-term borrowings, general obligation debt issuances by political subdivisions and state agencies, pooled debt financing, convention center and sports venue financings, tax increment financing, public improvement district financing, toll road revenue and transportation financing and lease revenue bond financing.

Andrews Kurth currently serves as bond counsel to numerous municipalities in the State of Texas, including the following cities that issued bonds or other obligations within the past eighteen months: the City of Austin, the City of Houston, the City of Lubbock, the City of Brownsville, the City of Pearland, the City of Texas City, the City of Port Arthur, the City of Sugar Land, the City of Wharton, the City of Angleton, the City of Anahuac, the City of La Porte, the City of Canyon, the City of West Lake Hills, the City of Rollingwood, the City of Magnolia, the City of Clute, the City of Galena Park, the City of Nassau Bay, the City of Santa Fe, the City of Jacinto City, the City of Richmond, the City of Carthage, and the City of Webster.

Our public finance lawyers advise and assist Texas municipalities (and the finance professionals who serve and advise Texas municipalities) in connection with the issuance of general obligation bonds and proceedings for elections called to approve the issuance of general obligation bonds, refunding bonds, certificates of obligation, and tax notes.

Andrews Kurth's lawyers also serve as bond counsel to numerous other political subdivisions of regional significance, including the West Travis County Public Utility Agency, the North Harris County Regional Water Authority, Midland County Fresh Water Supply District No. 1, Metropolitan Transit Authority of Harris County, and Houston Community College System. Our public finance lawyers have also served as bond counsel for numerous state agencies and institutions of higher education, including the Comptroller of Public Accounts, the Board of Regents of The Texas A&M University System, the Texas Public Finance Authority, the Texas Transportation Commission/ Department of Transportation, the Texas Veterans' Land Board, the Texas Higher Education Coordinating Board, the Board of Regents of the University of Texas System, and the Board of Regents of the University of Houston System.

We provide disclosure counsel services to the Texas Transportation Commission/ Department of Transportation, Grand Parkway Transportation Corporation, the Texas Public Finance Authority, the Texas Department of Housing and Community Affairs, the City of Houston, Harris County, Montgomery County, Katy Independent School District, South Buda Water Control and Improvement District No. 1, Travis County Municipal Utility District No. 11, Hays County, Texas Municipal Utility District No. 5, West Travis County Municipal Utility District No's 6 and 8, Walsh Ranch Municipal Utility District, Clear Lake City Water Authority, Williamson County Municipal Utility District No's 11, 13 and 15, and Oakmont Public Utility District.

Our team has extensive experience working on ad valorem tax and general obligation bond issuances and a wide range of revenue bond transactions for the financing of water, sewer, utility, toll road, airport, port, road, transit, sports and entertainment and convention and hotel facilities, among others. We assist municipalities and other political subdivisions in the establishment and administration of commercial paper programs to provide access to interim, short-term borrowing when funds are needed to pay project costs as such costs are incurred in the implementation of a capital improvement program. (By staggering the interest accrual period on amounts that may not be spent for months or years after the initial payment of project costs, interim funding through the use of commercial paper can result in significant savings when compared to traditional long-term, fixed-rate financings.) We also advise and assist municipalities and other political subdivisions in the implementation and administration of other innovative financing techniques, such as put bonds, index floating

rate bonds (which provide access to variable rate borrowing without the use of third party liquidity), interest rate swaps and other hedging techniques, direct lending arrangements and private placements, and tax credit bonds (including build America bonds, clean renewable energy bonds, gulf tax credit bonds, qualified school construction bonds and qualified zone academy bonds). Andrews Kurth is fully qualified to issue tax exempt bond opinions, and we regularly advise clients on matters involving federal tax law rules and regulations, including compliance with the arbitrage requirements of the Internal Revenue Code of 1986, issues relating to private activity bonds and private letter rulings with the Internal Revenue Service ("IRS"). We also frequently work with issuers, financial advisors and investment bankers to develop alternative and creative financing structures for public projects.

Our public finance lawyers stay abreast of significant developments affecting issuers of municipal debt and the market for municipal debt. Developments of particular interest and importance include (i) the Securities and Exchange Commission's ("SEC") ever-increasing focus on the market for municipal securities and heightened scrutiny on municipal market participants' compliance with federal securities laws (as they relate to the market for municipal securities), as recently evidenced by the SEC's Municipalities Continuing Disclosure Cooperation initiative, and (ii) changes in the legal and regulatory landscape associated with implementation by the SEC and the Municipal Securities Rulemaking Board of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In addition, our public finance lawyers keep a close eye on developments emanating from the Internal Revenue Service ("IRS"), such as the IRS's level of interest in issuer procedures for post issuance compliance. From a state law perspective, we stay in close contact with the Texas Attorney General's Public Finance Division, and we carefully monitor legislation that affects (or might affect) our municipal issuer clients. For example, during the 83rd legislative session, we were intimately involved in the negotiations surrounding the proposed changes in the law governing procedures applicable to the issuance of municipal debt. As initially proposed, many of the changes in law would have imposed significant burdens on municipal issuers. As a result of the efforts of a coalition of lawyers and consultants who serve municipal issuers (including Andrews Kurth's public finance lawyers), the resulting legislation was revised to substantially diminish the adverse impact on municipal issuers

Attached hereto as **Attachment 2** is a list of transactions that have closed during the last thirty-six (36) months wherein we have served as bond counsel, underwriter's counsel, disclosure counsel or special tax counsel.

4. Professional Relationships Involving City

Andrews Kurth proudly serves as the City's bond counsel. With the exception of the Firm's engagement as the City's bond counsel, we are not aware of any other professional relationship involving the Firm and the City or any of its component units for the past five (5) years.

The Firm has no relationship that would give rise to a conflict of interest relative to performing the bond counsel services.

5. Affirmative Statement

Andrews Kurth LLP is independent of the City of Bryan, Texas and all of the component units of the City of Bryan, Texas.

6. Detailed List of Recent Bond Counsel Experience

Attached hereto as **Attachment 2** is a list of transactions wherein we have served as bond counsel since January 2013.

7. Proposed Team Members

Jerry V. Kyle, Jr. will be the primary contact and will be responsible for the day-to-day contact with the City. The federal tax law specialists will be Gregg Jones and Adam Harden. Margo White, Nathelie Ashby and Andrew Bethune will assist Mr. Kyle in matters relating to bond counsel services. As tax counsel, Mr. Jones and Mr. Harden will be responsible for the legal analysis and due diligence necessary to ensure that any bonds, notes or other obligations (collectively, the "Bonds") are issued in compliance with applicable federal tax laws to ensure that the interest on the Bonds will be tax-exempt. The proposed team members will be available for meetings and conferences, in person and by phone (or other electronic means), as requested by responsible officials and staff of the City. Attached hereto as **Attachment 3** please find resumes for each proposed team member, including relevant experience of each lawyer.

8. Project Manager

Jerry Kyle will be the project manager, responsible for day-to-day contact with the City, and the authorized negotiator for Andrews Kurth. Gregg Jones and Adam Harden will provide advice on federal tax law matters, and Margo White, Nathelie Ashby and Andrew Bethune will assist in state law and federal securities law matters. Attached hereto as **Attachment 3** please find resumes for each of the named individuals assigned to our engagement to serve as the City's bond counsel, including professional designations and affiliations, certifications and licenses.

9. Organization of Team

Mr. Kyle is the team lead and the direct point of contact for the City on any and all bond counsel related matters. Ms. White, Ms. Ashby and Mr. Bethune will work closely with Mr. Kyle on each transaction and will stay abreast of all the matters affecting the City. Gregg Jones and Adam Harden will handle federal tax matters generally and in relation to each of the City's bond transactions. The hours for each lawyer will vary with each transaction and matter assigned by the City. For transactional matters, our fees are typically fixed by reference to a fee schedule and hourly rates are not applicable. Hourly rates may apply for non-transactional matters.

10. Municipal Staff Support

Generally, our team works with responsible staff in the City's finance and legal departments through the bond issuance process. Contact with staff generally involves consultation regarding the City's financing and capital improvement needs, review of applicable legal issues with City staff, collection of information, coordination and execution of bond counsel documents with elected officials and staff and attendance at City Council Meetings. The amount of time spent interacting with staff typically depends on the type and complexity of the transaction. The Firm's public finance attorneys are available to answer questions and concerns raised by the staff related to the bond issuance process.

11. Number and Types of Bond Counsel Services Offered by the Firm

As previously stated, Andrews Kurth's public finance lawyers provide bond counsel services for municipalities and other political subdivisions and state agencies and underwriters' counsel services for major national and regional investment banking firms throughout Texas and the Southwest across a wide range of transactions. We also represent multiple commercial banks and other public finance market participants. Examples of our bond counsel services include the following:

Municipalities

- Assisted the City of Austin in successful elections in 2012 to authorize the issuance of over \$300 million of general obligation bonds for various municipal purposes and in 2013 to authorize the issuance of \$65 million of general obligation bonds for housing
- Served as bond counsel to the City of Brownsville in connection with establishment of \$100,000,000 Utility System Commercial Paper Program
- Served as bond counsel to the City of Houston in connection with the issuance of \$605,195,000 Combined Utility System First Lien Revenue Refunding Bonds, Taxable Series 2014B, and \$692,890,000 Combined Utility System First Lien Revenue Refunding Bonds, Series 2014C

Commercial Paper

- Served as bond counsel for multiple Harris County CP programs, City of Houston general obligation CP programs, TxDOT, Port of Houston Authority and the Metropolitan Transit Authority of Harris County (METRO) CP programs
- Initiated first CP program for a school district in Texas (Austin ISD)

Convention and Entertainment Facilities

- Served as disclosure counsel for Houston Convention Center Hotel
- Represented developer for the Galveston Island Convention Center and the San Antonio Convention Center Hotel
- Advised as purchaser's counsel for the Golden Nugget Casino in Las Vegas

Education

- Served as bond counsel or underwriter's counsel in numerous traditional and innovative Texas public school, community college district and higher education financings, including variable rate debt, interest rate swaps, commercial paper, QZAB, QSCB, lease-purchase and TIRZ transactions
- Represented Texas Education Agency before IRS in securing significant expansion of capacity of Texas public school bond guarantee program

Health Care

- Served as bond counsel for the Harris County Hospital District
- Represented commercial banks in financings for medical institutions (Baylor, Christus, Methodist, St. Luke's) and hospitals throughout the state and country

Sports Facilities

- Acted as general and disclosure counsel to Harris County-Houston Sports Authority in development of Minute Maid Park for the Houston Astros, Reliant Stadium for the Houston Texans and RodeoHouston, and Toyota Center for the Houston Rockets and Houston Comets
- Represented Harris County in the potential redevelopment of the Astrodome
- Represented the Harris County-Houston Sports Authority in negotiating the lease and development agreement with Dynamo Stadium, LLC for the construction and operation for a major league soccer stadium

- Represented the City of Sugar Land in drafting and negotiating all documents necessary for the development, construction and leasing of a minor league baseball stadium now known as Constellation Field for the Sugar Land Skeeters
- Represented the City of Cedar Park in connection with the design, construction and operation of the Cedar Park Event Center, a new special event center being developed to house as its primary tenant an American Hockey League minor league ice hockey team affiliated with the Dallas Stars

State of Texas

- Served as bond counsel to TxDOT in its first note and bond financings secured by state highway fund, \$500 million and \$3 billion, respectively
- Advised as disclosure counsel to TxDOT for its \$4 billion mobility fund bond program
- Bond counsel to Texas Comptroller of Public Accounts in connection with \$7.2 billion tax and revenue note issue
- Represented underwriters in major unemployment compensation bond financing by Texas Public Finance Authority

Transportation

- Have acted as general counsel and bond counsel to METRO since its creation in 1978
- Represented Harris County Toll Road Authority for more than 20 years
- Served as bond counsel and disclosure counsel to TxDOT and other issuers of road bonds and underwriter's counsel in toll road and aviation financings throughout the state, e.g., NTTA, Williamson County and Galveston County

Utilities

- Served as disclosure counsel for more than \$3 billion in transactions in 2004 to establish the City of Houston's combined utility system
- Represented North Harris County Regional Water Authority in its first bond financings
- Served as underwriter's counsel in San Antonio CPS and City of Austin water and sewer financings
- Served as bond counsel, disclosure counsel and underwriter's counsel in numerous city and utility district financings

12. Court Action Challenging the Validity of Debt

We are not aware of any court action which has challenged the validity of debt for which Andrews Kurth has issued an approving opinion.

13. Conflicts of Interest

We are not aware of any actual or potential conflicts of interest involving the City or the City Council. If Andrews Kurth is selected to represent the City, we would be willing to forego representation of clients whose interests are adverse to the City and are within the scope of our representation of the City or that materially relate to our work performed for the City.

14. Litigation Filed Against the Firm Related to Bond Counsel Services

None.

15. Techniques to Reduce City's Debt Issuance Costs

Andrews Kurth's public finance lawyers understand and appreciate the importance of identifying efficiencies and promoting cost savings in connection with the services we provide. We work hard to ensure that we add value whenever we advise a client and provide legal services.

With the foregoing principles in mind, Andrews Kurth's public finance lawyers apply the following cost control procedures:

- Assign tasks to firm personnel in a manner that maximizes efficiency taking into account the individuals training and experience and the cost to Andrews Kurth and client of the individual's services. (E.g. use legal assistants extensively to perform specific functions that otherwise might be performed by attorneys at greater cost.)
- Distribute documents, memoranda and correspondence by electronic means (i.e. e-mail) when possible to avoid costs of delivery and reproduction of hard copies.
- Utilize firm offices and personnel in other geographic locations to the extent possible to diminish reliance on subcontractors.
- Endeavor to maintain organization at a size that allows Andrews Kurth to provide great personal attention to clients and to personnel.
- Seek to maintain staffing continuity and thereby promote cost efficiency through the retention of experienced personnel.
- Work closely with our clients to eliminate inefficiencies.
- Incorporate advanced technology into our practice in order to improve client service and efficiency. (Our attorneys and staff are fully "on-line," and our offices are highly automated, with an integrated computer network and a sophisticated computer-based support system.)
- Carefully select support staff with the objective of selecting support staff that shares our lawyers' objective of providing high quality, responsive service.

16. Statement of Financial Stability

Andrews Kurth's financial condition is sound and stable. Andrews Kurth has never filed for protection from creditors in (nor has Andrews Kurth been the subject of any filing by creditors pursuant to) any bankruptcy proceeding. A letter of financial stability from our bank is attached as **Attachment 4**.

17. References

The following is a list of references that may be contacted by the City:

<u>Reference #1</u>	
Client Name:	City of Austin, Texas
Contact Names:	Art Alfaro and Leela Fireside
Address:	700 Lavaca, Suite 1510, Austin, Texas 78701
Phone Number (Art):	512.974.7882
Fax Number (Art):	512.370.3838
Phone Number (Leela):	512.974.2163
Fax Number (Leela):	512.370.3838
Email Address (Art):	art.alfaro@ci.austin.tx.us
Email Address (Leela):	Leela.Fireside@ci.austin.tx.us

Reference #2

Client Name: City of Lubbock, Texas
Contact Names: Pamela Moon and Kevin Rule
Address: 1625 13th Street, Lubbock, TX 78457
Phone Number (Pam): 806.775.2148
Fax Number (Pam): 806.775.3273
Phone Number (Kevin): 806.775.2986
Fax Number (Kevin): 806.775.3273
Email Address (Pam): PMoon@mylubbock.us
Email Address (Kevin): krule@mylubbock.us

Reference #3:

Client Name: North Harris County Regional Water Authority
Contact Names: Jimmie Schindewolf and Cyndi Plunkett
Address: 3648 Cypress Creek Parkway, Suite 110, Houston, Texas 77068
Phone Number (Jimmie): 281.440.3924 ext. 14
Fax Number (Jimmie): 281.440.4104
Phone Number (Cyndi): 281.440.3924 ext. 16
Fax Number (Cyndi): 281.440.4104
Email Address (Jimmie): jschindewolf@nhcrwa.com
Email Address (Cyndi): cyndi@nhcrwa.com

PROJECT TIME-LINE

As bond counsel, the public finance team typically follows the procedures set forth below in facilitating the issuance of bonds. The nature and extent of work for each of these procedures may vary according to the type of transaction and types of securities issued. In response to the request for qualifications, these procedures provide additional details on how the Firm carries out its Basic Services.

Coordination and Analysis of Project Objectives and Financing Structure (1-3 weeks):

- Review background information.
- Discuss proposed project(s) with City officials and staff, financial advisor and other appropriate consultants and advisors.
- Perform legal analysis and undertake research concerning legal issues associated with and/or raised by proposed project(s).
- Provide description and analysis of (a) important legal issues and (b) financing alternatives available to City for proposed project(s).
- Consult with City officials and staff, financial advisors and other appropriate consultants and advisors to evaluate and determine appropriate financing structure for City project(s).

Documentation Procedures (3-6 weeks):

- Establish chronology and responsibility chart(s) for working group members.
- Prepare outline/index of transcript documentation for proposed financing.
- Draft and circulate transcript documentation.
- Organize meetings of working group to discuss drafts of transcript documentation.

Sale and Closing Procedures (3-6 weeks):

- Market, price and sell bonds.
- Pre-close.
- Close.

Post Closing Procedures (4-6 weeks):

- Prepare and/or finalize post-closing documentation.
- Prepare and circulate closing transcript binders to working group.

METHODOLOGY / UNDERSTANDING OF SCOPE OF THE PROJECT

1. Project Plan

As Bond Counsel for the City, Andrews Kurth would prepare all required legal proceedings and would perform certain other necessary legal work in connection with the City's authorization, issuance and sale of each series of bonds, notes or other obligations (collectively "Bonds"). Our services as bond counsel would include the following Basic Services listed below in response to the Request. The public finance team would carry out these basic services and duties directly or in concert with the City Attorney, City Manager, Chief Financial Officer and other City officials and City staff and the City's Financial Advisor.

- Prepare certain certificates and review such other documents as are customary and necessary in order to structure and issue debt.
- Prepare all documents and legal opinions required for authorization and issuance of the debt including all resolutions, agreements, contracts, and ordinances.
- Prepare those portions of the Preliminary Official Statement and the Official Statement relating to the description of the debt, the security thereof, and the summary of the resolution authorizing the issuance. Bond counsel will not be required to independently verify other data contained in the Preliminary Official Statement or the Official Statement.
- Maintain liaison with Financial Advisor in the preparation of all legal documents pertaining to the authorization, sale and issuance of the Debt Instruments.
- Provide an opinion on matters such as the applicability of any particular provision of federal and state securities laws, the eligibility of the debt for investment by various fiduciaries and other regulated investors, the validity and enforceability of security agreements, indentures and other documents related to the debt and its security, and all other matters necessary or incidental to the issuance of debt.
- Assist in presenting information to bond rating agencies.
- Attend the sale, signing, and closing, and all City Council meetings relative to the issuance of the debt or any other meetings and workshops deemed necessary for that purpose by the City Council, the City Manager, the City's Chief Financial Officer or the City's Financial Advisor.
- Prepare any IRS filings required by federal tax law including Form 8038-G "Information Return for Tax-Exempt Governmental Obligations."
- Supervise the printing, if any, execution and delivery of the debt securities.
- Prepare and distribute the final bound copies of the Transcript of Proceedings related to the debt.
- Provide advice and counsel on continuing compliance with securities, tax, and other applicable laws including notice of any changes in tax law or any pending or proposed Federal and/or State legislation that could impact the City's financing plans including the structuring of debt financing to ensure federal income tax exemption status.

In addition to the foregoing Basic Services, as bond counsel, Andrews Kurth would be prepared to undertake Additional Services, as directed by the City, including disclosure work or similar services (other than the preparation of certain sections of the offering documents for the Bonds as described under Basic Services above) to assist the City in the preparation of such offering documents, on such basis and to such extent as shall be directed by the City; assist in the preparation of any election proceedings required in connection with the issuance of the Bonds; preparation of the "Blue Sky" surveys or securities registration services; in the case of a series of Bonds, or a portion thereof, that is issued to refund prior bonds of the City, providing advice regarding federal income tax and other issues unique to refunding transactions; and any other special services

not ordinarily required in connection with the issuance of obligations of the nature of the Bonds, including services rendered in connection with special federal income tax issues, unusual issues arising in connection with the City's financial reports or audits, any documentation or related services for credit or liquidity facilities or enhancements or other special structuring techniques or devices to be employed in connection with the issuance of any series of the Bonds.

2. Progress Reports

The team assigned to the City would be available to answer questions throughout its engagement as bond counsel and particularly in connection with each issue of Bonds. Andrews Kurth, at the request of the City, will provide written or oral updates to the City staff and officials on the status of each bond transaction. Andrews Kurth does not have standard progress forms but rather provides feedback responsive to the individual needs and requests of each of its clients, including the City.

3. Distinction of Duties

Andrews Kurth, as outlined above in scope of services, will provide all the legal documents and perform any related legal analysis or review as it pertains to the City's issuance of debt.

REFERENCES

As previously stated, the following references may be contacted:

Reference #1

Client Name: City of Austin, Texas
Contact Names: Art Alfaro and Leela Fireside
Address: 700 Lavaca, Suite 1510, Austin, Texas 78701
Phone Number (Art): 512.974.7882
Fax Number (Art): 512.370.3838
Phone Number (Leela): 512.974.2163
Fax Number (Leela): 512.370.3838
Email Address (Art): art.alfaro@ci.austin.tx.us
Email Address (Leela): Leela.Fireside@ci.austin.tx.us

Reference #2

Client Name: City of Lubbock, Texas
Contact Names: Pamela Moon and Kevin Rule
Address: 1625 13th Street, Lubbock, TX 78457
Phone Number (Pam): 806.775.2148
Fax Number (Pam): 806.775.3273
Phone Number (Kevin): 806.775.2986
Fax Number (Kevin): 806.775.3273
Email Address (Pam): PMoon@mylubbock.us
Email Address (Kevin): krule@mylubbock.us

Reference #3:

Client Name: North Harris County Regional Water Authority
Contact Names: Jimmie Schindewolf and Cyndi Plunkett
Address: 3648 Cypress Creek Parkway, Suite 110, Houston, Texas 77068
Phone Number (Jimmie): 281.440.3924 ext. 14
Fax Number (Jimmie): 281.440.4104
Phone Number (Cyndi): 281.440.3924 ext. 16
Fax Number (Cyndi): 281.440.4104
Email Address (Jimmie): jschindewolf@nhcrwa.com
Email Address (Cyndi): cyndi@nhcrwa.com

ADDITIONAL INFORMATION

1. Proposed Fee Schedule

Whenever we are engaged to represent a client, we work hard to understand the client's goals and objectives and to ensure that those goals and objectives are realized. We strive to add value through our client representation. We also endeavor to enhance the efficiency and effectiveness of any aspects of the client's affairs affected by the transaction or matter on which we are working. With these principles in mind, Andrews Kurth lawyers will draw on and manage the Firm's resources to deliver superior legal representation to the City.

Our lawyers make every effort to control costs in the provision of legal services by ensuring that projects are assigned to professionals with the requisite amount of experience and the lowest possible billing rate, with supervision by more senior attorneys.

For Basic Services for most public finance clients, Andrews Kurth charges on a flat-fee or "dollar-per-bond" basis, without regard to hourly charges. (In those instances, hourly rates may apply to charges for Additional Services.) Such an arrangement is common for public finance legal services in Texas and elsewhere, recognizing the role of specialized experience and market opinions in this practice area. However, we are prepared to discuss alternative fee arrangements at the City's request.

We would like to emphasize that the Firm will staff assigned matters to maximize the value of the legal services rendered in terms of results achieved for the assignment expenditure. To the extent possible, more routine assignments would be completed by legal assistants and other staff.

With the foregoing in mind, we would be prepared to propose the following fee schedule for each series of short-term and long-term debt issued by the City:

Proposed Bond Counsel Fee Schedule for Basic Services

Bond Proceeds Amount	Fee
First \$5 million	\$19,500 (minimum fee)
Next \$5 million	\$19,500 plus \$1.25 per \$1,000 of bond proceeds in excess of \$5 million
\$10 million - \$20 million	\$25,750 plus \$1.00 per \$1,000 of bond proceeds in excess of \$10 million
Over \$20 million	\$35,750 plus \$.75 per \$1,000 of bond proceeds in excess of \$20 million

The foregoing schedule is provided for discussion purposes only, and we would be pleased to discuss alternative fee arrangements if the foregoing schedule does not meet the City's objectives.

2. Court Actions

Andrews Kurth does not anticipate engaging in any court actions related to the provision of bond counsel services.

3. Cost Controls

As previously stated, Andrews Kurth has implemented the following cost control procedures:

- Assign tasks to firm personnel in a manner that maximizes efficiency taking into account the individuals training and experience and the cost to Andrews Kurth and client of the individual's services. (E.g. use legal assistants extensively to perform specific functions that otherwise might be performed by attorneys at greater cost.)
- Distribute documents, memoranda and correspondence by electronic means (i.e. e-mail) when possible to avoid costs of delivery and reproduction of hard copies.
- Utilize firm offices and personnel in other geographic locations to the extent possible to diminish reliance on subcontractors.
- Endeavor to maintain organization at a size that allows Andrews Kurth to provide great personal attention to clients and to personnel.
- Seek to maintain staffing continuity and thereby promote cost efficiency through the retention of experienced personnel.
- Work closely with our clients to eliminate inefficiencies.
- Incorporate advanced technology into our practice in order to improve client service and efficiency. (Our attorneys and staff are fully "on-line," and our offices are highly automated, with an integrated computer network and a sophisticated computer-based support system.)
- Carefully select support staff with the objective of selecting support staff that shares our lawyers' objective of providing high quality, responsive service.

4. Travel Related Expenses

Andrews Kurth understands and agrees that no travel or related expenses will be charged to the City without prior approval by an authorized City representative.

5. Related Expenses

Andrews Kurth would be reimbursed for its reasonable costs, including out-of-pocket expenses such as Attorney General transcript review fees, in connection with performance of Basic Services and Additional Services. Andrews Kurth agrees to comply with any current policies and practices of the City with respect to reimbursement for costs. All of Andrews Kurth's expenses will be reasonable and subject to approval of the City. Any exceptional expense will be pre-approved by the City before the expense is incurred.

6. Statement of Acknowledgment

Andrews Kurth understands and acknowledges the City's policies on reimbursements of expenses.

CERTIFICATION PAGE, ACKNOWLEDGEMENT OF ADDENDA AND STATEMENT OF WILLINGNESS TO SIGN CONTRACT

Attached hereto as **Attachment 5** is a our firm's Certification Page.

Attached hereto as **Attachment 6** is our firm's acknowledgement of **Addendum 1**.

We have reviewed the *City's Standard Form of Agreement* and we are prepared to execute a contract in the standard form provided, subject to any changes that may be required to conform to limitations imposed by the Firm's legal malpractice insurance carrier.

Copyright © 2014 Andrews Kurth LLP. No lawyer-client relationship exists until the appropriate engagement letter has been executed. The enclosed information has been compiled to establish potential interest in the services of Andrews Kurth LLP. It is agreed and understood that Andrews Kurth LLP has neither given nor received confidential information and none of our discussions will preclude Andrews Kurth LLP or any other Andrews Kurth entities or lawyers from future representation of others with interests adverse to you if no lawyer-client relationship results from our discussions. Andrews Kurth LLP is a Texas limited liability partnership. Andrews Kurth (UK) LLP is authorized and regulated by the Solicitors Regulation Authority of England and Wales (SRA Registration No.598542). Andrews Kurth (Middle East) JLT is registered and licensed as a Free Zone company under the rules and regulations of DMCCA. If you prefer not to receive promotional material from us, please email us at webmaster@andrewskurth.com. For further information please consult our website www.andrewskurth.com

J.P.Morgan

May 28, 2014

Susan Chmela, Buyer
City of Bryan, Texas
1309 E. Martin Luther King St.
Bryan, TX 77803

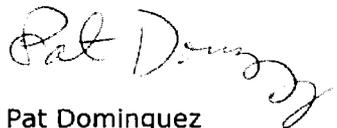
Dear Ms. Chmelar:

This letter is to confirm that Andrews Kurth LLP has maintained a banking relationship with JP Morgan Bank for thirty six years. This account has maintained an average aggregate balance in the high six figure range for the last three months.

All of our experience with Andrews Kurth LLP has been satisfactory. We know of no reason why they would not prove responsible in normal business commitments.

Please do not hesitate to call me at 713-216-4373 should you have any further questions.

Sincerely,



Pat Dominguez

THIS LETTER AND ANY INFORMATION PROVIDED IN CONNECTION HEREWITH ARE FURNISHED ON THE CONDITION THAT THEY ARE STRICTLY CONFIDENTIAL, THAT NO LIABILITY OR RESPONSIBILITY WHATSOEVER IN CONNECTION HEREWITH SHALL ATTACH TO JPMCB OR ANY OF ITS OFFICERS, EMPLOYEES, OR AGENTS, THAT THIS REPORT MAKES NO REPRESENTATIONS REGARDING THE GENERAL CONDITION OF THE SUBJECT, [ITS MANAGEMENT,] OR [ITS/HIS/HER] FUTURE ABILITY TO MEET [ITS/HIS/HER] OBLIGATIONS, AND THAT ANY INFORMATION PROVIDED IS SUBJECT TO CHANGE WITHOUT NOTICE

CERTIFICATION/AUTHORIZATION/ACKNOWLEDGEMENT FORM

CERTIFICATION and AUTHORIZATION

The undersigned affirms that they are duly authorized to execute this contract, that this RFQ has not been prepared in collusion with any other firm, and that the contents of this RFQ have not been communicated to any other firm prior to the official opening of this RFQ. Additionally, the undersigned affirms that the Firm is willing to sign the enclosed Standard Form of Agreement (Exhibit B, if applicable).

Signed By:  Title: Partner Date: 6-11-2014

Typed Name: Jerry V. Kyle, Jr. Company Name: Andrews Kurth LLP

Phone No.: 512.320.9271 Fax No.: 512.542.5211

Bid Address: 111 Congress, Suite 1700 Austin Texas 78701
P.O. Box or Street City State Zip

Order Address: Same
P.O. Box or Street City State Zip

Remit Address: Same
P.O. Box or Street City State Zip

Email: jerrykyle@andrewskurth.com Federal Tax ID No.: 74-1027138



PURCHASING DEPARTMENT

May 21, 2014

ADDENDUM NO. 1

Addendum to City of Bryan Request for Qualifications No. 14-041

“Bond Counsel Services and Related Advisory Services”

Please be advised of the following change to the Request for Qualification package referenced above:

REMOVE: All dates mentioned within the document pertaining to Deadline for Questions.

INSERT: All dates mentioned within the document pertaining to Deadline for Questions to: May 29, 2014 @ 10:00am

REMOVE: All dates mentioned within the document pertaining to RFQ Submission Deadline/Due Date.

INSERT: All dates mentioned within the document pertaining to RFQ Submission Deadline/Due Date to: June 12, 2014 @ 4:00pm

END OF ADDENDUM

This addendum shall be signed and included with your response package as acknowledgement of the addendum. Failure to acknowledge and submit any addenda may be cause for the bid to be rejected. The City's decision to accept or reject a bid due to a failure to acknowledge and submit addenda shall be final.

Vendor Acknowledgement Signature

Susan Chmelar, Buyer
City of Bryan - Purchasing

May 14, 2015

Mayor and City Council Members
City of Bryan
300 South Texas Avenue
Bryan, Texas 77803

Re: *Bond Counsel Services*

Dear Mayor and City Council Members:

We are pleased to submit to you a proposed agreement for Andrews Kurth LLP ("Andrews Kurth") to serve as Bond Counsel with respect to bonds and other debt obligations that the City of Bryan, Texas (the "City"), intends to issue. (Such bonds, notes and other obligations are collectively referred to in this letter as the "Bonds.") When approved by you, this letter will become effective and will evidence an agreement between the City and Andrews Kurth LLP, Austin, Texas.

As Bond Counsel, Andrews Kurth would prepare all required legal proceedings and would perform certain other necessary legal work in connection with the City's authorization, issuance and sale of each series of the Bonds. Our services as Bond Counsel would include the following Basic Services, which we would carry out directly or in concert with officials and staff of the City:

- (1) Assistance, in consultation with City officials and staff and the City's financial advisor, in the evaluation of legal matters related to financing innovations and opportunities that may arise from time to time;
- (2) Consultation with City officials and staff to review information to be included in the offering documents for each series of Bonds, but only to the extent that such information describes such series, the security therefor, their federal income tax status and our opinion;
- (3) Preparation of the ordinances authorizing issuance of each series of the Bonds (the "Ordinances") and all other instruments which comprise the transcript of legal proceedings pertaining to the authorization, issuance and sale of each such series;

(4) Attendance at meetings, to the extent required or requested by the City or the City's financial advisor, to discuss the sizing, timing or sale of each series of the Bonds;

(5) Preparation and submission of transcripts of legal proceedings pertaining to the issuance of each series of the Bonds to the Attorney General of the State of Texas to obtain an approving opinion and to obtain the registration of the Bonds by the Comptroller of Public Accounts, as required by law;

(6) Supervision of the printing of each series of the Bonds and the delivery thereof to the purchasers, including, if requested, solicitation of bids from bond printers under the direction of the City to obtain the lowest possible printing costs for the City;

(7) Review of certified proceedings and performance of such additional duties as are necessary for the delivery, at the closing of each series of the Bonds, of an approving opinion, based on facts and law existing as of its date, generally to the effect that such series has been duly issued, executed and delivered in accordance with the Constitution and laws of the State of Texas, that the Bonds of each series constitute valid and legally binding obligations of the City as described in the respective ordinance (subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws in effect from time to time relating to or affecting the enforcement of rights of creditors of political subdivisions) and, when the Bonds are so delivered, that interest on such series of Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under then existing law;

(8) Prior to and in connection with the closing of each series of the Bonds, giving advice to the City to enable appropriate officials to comply with the arbitrage requirements of the Internal Revenue Code of 1986 as they affect the Bonds, including yield restrictions and rebate requirements;

(9) Attendance at bond sale, signing, closing and all other meetings and conferences as deemed necessary by the City Council or other responsible City official or staff;

(10) Preparation of Federal Income Tax Form 8038-G;

(11) At the closing of each series of the Bonds, delivery of an opinion regarding the applicability of federal and state securities laws to such series, the eligibility of the Bonds for investment by various fiduciaries and other regulated investors and the validity and enforceability of security agreements, indentures and other documents related to the Bonds and the security therefor;

(12) Attendance at rating agency presentations, investor meetings or other presentations relating to the marketing of the Bonds and consultation with City officials, staff and advisors and the City's financial advisor to develop such presentations; and

(13) Any other service necessary to the planning, authorization, issuance, sale and delivery of the Bond issues, as may be appropriate.

In addition to the foregoing Basic Services, as Bond Counsel, Andrews Kurth is prepared to undertake the following Additional Services, as directed by the City:

(1) Disclosure work or similar services (other than the preparation of certain sections of the offering documents for the Bonds as described in paragraph (2) under Basic Services above) to assist the City in the preparation of such offering documents, on such basis and to such extent as shall be directed by the City;

(2) Preparation of necessary ordinances, resolutions, notices, Department of Justice submissions and other legal documents necessary to call and conduct an election to authorize issuance of the Bonds, if necessary;

(3) Preparation of the "Blue Sky" surveys or securities registration services;

(4) In the case of a series of Bonds, or a portion thereof, that is issued to refund prior bonds of the City, providing advice regarding federal income tax and other issues unique to refunding transactions;

(5) Services rendered in connection with documentation related to credit or liquidity facilities or enhancements or other special structuring techniques or devices to be employed in connection with the issuance of variable rate obligations, unusual issues arising in connection with the City's financial reports or audits, special federal income tax issues, and any other special services not ordinarily required in connection with the issuance of fixed rate obligations;

(6) Services rendered in connection with the issuance of bonds or other obligations by entities acting on behalf of the City; and

(7) After the closing of any series of the Bonds and upon specific request of the City, providing assistance to the City concerning questions and issues that may arise prior to the maturity of the Bonds.

Unless otherwise agreed to by the City and Andrews Kurth, for all Basic Services performed hereunder in connection with the issuance and sale of Bonds, as defined in this letter, Andrews Kurth will be paid a fee of \$1.00 per each \$1,000 in proceeds of Bonds then being issued. The minimum fee for Basic Services for each series of Bonds shall be \$12,500. The fee for any Additional Services provided by Andrews Kurth will be (x) determined on an hourly rate

Mayor and City Council Members
May 14, 2015
Page 4

basis, applying rates then charged by Andrews Kurth for the same or similar services performed by attorneys and paralegals of similar experience for other clients, or (y) as agreed by the City and Andrews Kurth.

Payment of all fees for services as Bond Counsel will be made after the issuance and delivery of the series of the Bonds in connection with which such services are performed and within thirty (30) days after receipt by the City of an approved invoice therefor.

Andrews Kurth will be reimbursed for its reasonable and actual out-of-pocket expenses, such as the cost of reproduction of documents, out-of-town travel, long-distance telephone, telecopy and similar expenses, deliveries, filing fees and all items paid for by Andrews Kurth on behalf of the City, incurred in connection with the performance of any services hereunder. All of such expenses will be reasonable, and on an issue-by-issue basis Andrews Kurth will agree to a maximum amount of \$1,500 for such expenses (exclusive of Attorney General fees, for which the City would be responsible).

The City acknowledges that it is aware that Andrews Kurth represents many other governmental entities, companies and individuals. It is possible that during the time that we are representing you, some of our present or future clients will have disputes or transactions with you. You agree that we may continue to represent or may undertake in the future to represent existing or new clients in any matter that is not substantially related to our work for you even if the interests of such clients in those other matters are directly adverse. We agree, however, that your prospective consent to conflicting representation contained in the preceding sentence shall not apply in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a nonpublic nature, that, if known to such other client, could be used in any other such other matter by such client to your material disadvantage.

Nothing herein shall be construed as creating any personal liability on the part of any officer of the City, and this agreement may be terminated by the City by giving thirty (30) days' written notice to Andrews Kurth.

Mayor and City Council Members
May 14, 2015
Page 5

If this proposed agreement for the services of Andrews Kurth as Bond Counsel is satisfactory, please evidence your acceptance and approval by executing three copies in the space provided below.

Very truly yours,



Jerry V. Kyle, Jr.

APPROVED:

CITY OF BRYAN, TEXAS

By: _____

Name: _____

Title: _____

CONTRACT FOR FINANCIAL ADVISORY SERVICES

This Contract, dated Jan. 27 2012, is between the City of Bryan, a Texas home-rule municipal corporation, (the City) and Specialized Public Finance Inc. (the FIRM), whereby the FIRM agrees to provide the City with certain services as described herein and the City agrees to pay the FIRM for those services.

1. Scope of Services

In consideration of the compensation stated in Paragraph 2, the FIRM agrees to provide the City with the services as described in Exhibit A – RFP #11-049 and Exhibit B – Specialized Public Finance Inc. - Proposal to the City of Bryan which is incorporated herein by reference for all purposes, and which services may be more generally described as follows:

1. Financial Planning. Provide financial planning services related to Debt plans and programs.
2. Debt Elements. Provide recommendations regarding Debt under consideration including such elements as timing, structure, security provisions, and such other provisions as may be appropriate.
3. Method of Sale. Make a recommendation as to an appropriate method of sale including but not limited to competitive sale, negotiated sale or private/limited offering.
4. Price Fairness. Advise the Issuer as to the fairness of the price offered by the underwriters.
5. Offering Documents. Participate in and direct, as appropriate, the preparation of the offering documents and/or assist bond counsel with same.
6. Auditors. Coordinate verification by an independent auditor of any calculations incident to the Debt, as required.
7. Printing. Coordinate all work incident to printing of the offering documents and other documents required by City.
8. Closing. Provide the City a post sale/closing booklet or update for the Debt and other outstanding debt, as needed .

2. Payment

In consideration of the FIRM's provision of the services in compliance with all terms and conditions of this Contract, the City shall pay the FIRM according to the terms set forth in Appendix A.

3. Time of Performance

A. All work and services provided under this Contract must be completed as outlined in Exhibit A and Exhibit B.

B. This Contract shall become effective as of the date executed by the City as set forth below and, unless otherwise terminated by either party pursuant to this Contract, shall remain in effect for a period of three years from such date. This Contract may be renewed under these same terms and conditions for two successive one year periods, for a total contract term of five years.

4. Warranty, Indemnification, & Release

A. As an experienced and qualified FIRM, the FIRM warrants that the information provided by the FIRM reflects high professional and industry standards, procedures, and performances. The FIRM warrants that the performance of all services under this Contract will be pursuant to a high standard of performance in the profession. The FIRM warrants that the FIRM will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval of the City shall not constitute, or be deemed, a release of the responsibility and liability of the FIRM, its employees, agents, or associates for the exercise of skill and diligence to promote the accuracy and competency of their services, or any document, nor shall the City's approval be deemed to be the assumption of responsibility by the City for any defect or error in the aforesaid documents prepared by the FIRM, its employees, associates, agents, or subcontractors.

B. The FIRM shall promptly correct any defective services or documents furnished by the FIRM at no cost to the City. The City's approval, acceptance, use of, or payment for, all or any part of the FIRM's services hereunder or of the scope of work itself shall in no way alter the FIRM's obligations or the City's rights hereunder.

C. In all activities or services performed hereunder, the FIRM is an independent contractor and not an agent or employee of the City. The FIRM and its employees are not the agents, servants, or employees of the City. As an independent contractor, the FIRM shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by the City, the FIRM shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The FIRM shall have ultimate control over the execution of the professional services. The FIRM shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subcontractors, and the City shall have no control of or supervision over the employees of the FIRM or any of the FIRM's subcontractors.

D. The FIRM must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subcontractors, licensees, and other persons, as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that the City shall not be liable or responsible for the negligence of the FIRM, its officers, employees, agents, subcontractors, invitees, licensees, and other persons.

E. **Responsibility for damage claims (indemnification):** FIRM shall defend, indemnify and save harmless the City and all its officers, agents, and employees from all suits, actions, or claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person or persons or property resulting from the FIRM's negligent performance of the work, or by or on account of any claims or amounts recovered under the Worker's Compensation Law or any other law, ordinance, order or decree, and his sureties shall be held until such suit or suits, action or actions, claim or claims for injury or damages as aforesaid

shall have been settled and satisfactory evidence to the effect furnished the City. The FIRM shall defend, indemnify and save harmless the City, its officers, agents and employees in accordance with this indemnification clause only for that portion of the damage caused by FIRM's negligence.

F. Release. The FIRM releases, relinquishes, and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to, sickness or death of the FIRM or its employees and any loss of or damage to any property of the FIRM or its employees that is caused by or alleged to be caused by, arises out of, or is in connection with the FIRM's negligent performance of the work. Both the City and the FIRM expressly intend that this release shall apply regardless of whether said claims, demands, and causes of action are covered, in whole or in part, by insurance.

5. FIRM's Insurance

The FIRM agrees to maintain, on a primary basis, for the duration of this contract the insurance coverage's and limits as described below. The FIRM must deliver to the City a certificate(s) of insurance evidencing that such policies are in full force and effect with verification within five (5) business days of notification of the City's intent to award a contract. Failure to meet the insurance requirements and provide the required certificate(s) and any necessary endorsements within five (5) business days may cause the proposal to be rejected. The City reserves the right to obtain complete, certified copies of all required insurance policies at any time.

The requirements as to types and limits, as well as the City's review or acceptance of insurance coverage to be maintained by the FIRM, is not intended to nor shall in any manner limit or qualify the liabilities and obligations assumed by the FIRM under this Contract.

Statutory Workers' Compensation Insurance, with Employers' Liability Insurance in the amount of \$500,000/\$500,000/\$500,000. Waiver of subrogation in favor of the City of Bryan will be required. In the event any work is sublet, the FIRM shall require the subcontractor similarly to provide the same coverage and shall himself acquire evidence of such coverage on behalf of the subcontractor.

Professional Liability Insurance: The FIRM shall maintain, during the life of this Contract, Professional Liability insurance, or similar Errors & Omissions coverage, for negligent acts, error omissions of the FIRM or any person employed or acting on the FIRM's behalf (including but not limited to Sub-Contractors) in connection with this Contract, at a limit not less than \$1,000,000 Per Occurrence, \$1,000,000 Annual Aggregate. If coverage is written on a "Claims-Made" basis, the FIRM warrants that any retroactive date applicable to the coverage precedes the effective date of this contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of two years after completion of this Contract. The FIRM shall be solely responsible for any Self-Insured Retention, deductible and premium, including any additional premium for Supplemental Extended Reporting Period option. Proof of coverage shall be furnished to the City of Bryan before the work commences.

Additional Insured Endorsements – The FIRM agrees to endorse the City as an Additional Insured on each insurance policy required to be maintained, with the exception of the workers' compensation/employers' liability and professional liability policy.

Waiver of Subrogation – Waiver of subrogation in favor of the City of Bryan for each required policy. When required by the insurer or should a policy condition not permit FIRM to enter into a pre-loss agreement to notify the insurer and request the policy be endorsed with a Waiver of Transfer of Right of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which included a condition specifically prohibiting such an endorsement, or voids coverage should FIRM enter into such an agreement on a pre-loss basis.

Deductibles, Coinsurance Penalties, and Self-Insured Retention – FIRM shall agree to be fully and solely responsible for any costs or expenses as a result of a coverage deductible, coinsurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, coinsurance penalty, or self-insured retention.

Subcontractor's Insurance – The FIRM shall agree to cause each subcontractor employed by FIRM to purchase and maintain insurance of the type specified, provided the FIRM's insurance does not afford coverage on behalf of the subcontractor.

Certificate of Insurance – FIRM shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements. The certificate must be from a company with an A.M. Best rating of "A-VI" or better and/or otherwise acceptable to the City. Certificates must be submitted using the ACORD form and all endorsements must be included with the submittal or other acceptable evidence. It shall be an affirmative obligation upon the Firm to advise the City within five business days of the cancellation or substantive change of any insurance policy set out herein, and failure to do so shall be deemed a breach of this Contract.

In the event the City is notified that a required insurance coverage will cancel or non-renew during the contract period, the FIRM shall agree to furnish prior to the expiration of such insurance, a new or revised certificate(s) as proof that equal and like coverage is in effect.

The City reserves the right, but not the obligation, to withhold payment to FIRM until coverage is reinstated. If the FIRM fails to maintain the required insurance, the City shall have the right, but not the obligation, to purchase the required insurance at FIRM's expense. Failure on the part of the FIRM to maintain the required insurance coverage shall be considered breach of contract by the FIRM.

Certificates and notices should be given to the City at the following address: City of Bryan, Attn: Purchasing Department, 1309 E. Martin L. King Street, Bryan, TX 77803.

Right To Review and Adjust – The City reserves the right to review these requirements and to modify insurance coverage and their limits when deemed necessary prudent. Furthermore, the City reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition.

The Certificates of Insurance furnished to the City shall contain a provision that coverage under such policies shall not be cancelled, non-renewed, or materially changed until at least 30 days prior written notice has been given the City of Bryan.

The City reserves the right to require additional lines of insurance on a case-by-case basis, depending upon the subject matter of the contract and the attendant risks involved in the completion of the contractual work.

The FIRM is responsible for submitting the required insurance certificate within 5 business days of notification of the City's intent to award a contract. Verification must be submitted using the Acord form listed above and all endorsements must be included with the submittal. Endorsements must be signed by an authorized representative of the insurance company. Failure to meet the insurance requirements stated above and provide the required endorsements within five business days may cause the bid or proposal to be rejected.

6. Continuing Disclosure

A. In connection with the sale and delivery of Debt, the City will be required to comply with certain continuing disclosure undertakings, including preparation and submission of annual reports (the "annual reports") and reporting of certain specified material events (the "material events") pursuant to written undertakings of the City and in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended (the Rule). FIRM shall provide continuing disclosure services on the terms and conditions, for the time period and for the compensation set forth herein.

B. This Contract shall apply to all Debt delivered subsequent to the effective date of the continuing disclosure undertakings of City and as specified in the Rule, to the extent that any particular issue of Debt does not qualify for exceptions to the continuing disclosure requirements of the Rule.

C. FIRM agrees to perform the annual reporting and material event notification duties required by the undertakings of the City and the Rule.

D. The FIRM'S fees for providing the foregoing continuing disclosure services shall be negotiated annually (not to exceed \$1,000 per similarly-secured type of Debt). The fees of the FIRM for providing material event notification services shall be negotiated separately at the time such notifications may be required.

7. Termination

A. The City may terminate this Contract at any time upon thirty (30) calendar day's written notice. Upon the FIRM's receipt of such notice, the FIRM shall cease work immediately. The FIRM shall be compensated for the services satisfactorily performed prior to the termination date.

B. If, through any cause, the FIRM fails to fulfill its obligations under this Contract, or if the FIRM violates any of the agreements of this Contract, the City has the right to terminate this Contract by giving the FIRM five (5) calendar days written notice. The FIRM will be compensated for the services satisfactorily performed before the termination date.

C. No term or provision of this Contract shall be construed to relieve the FIRM of liability to the City for damages sustained by the City because of any breach of contract by the FIRM. The City may withhold payments to the FIRM for the purpose of setoff until the exact amount of damages due the City from the FIRM is determined and paid.

D. The obligations of paragraph/section 4(E) of this Contract relating to FIRM's obligations to defend and indemnify the City shall survive any termination of this Contract.

8. Miscellaneous Terms

A. This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Brazos County, Texas.

B. Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:

CITY:

The City of Bryan:
Attn: City Manager
P.O. Box 1000
Bryan, Texas 77805

FIRM:

Specialized Public Finance, Inc.
Attn: Attn: Steven Adams
4925 Greenville Avenue, Suite 465
Dallas, TX 75206

C. No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.

D. This Contract represents the entire and integrated agreement between the City and the FIRM and supersedes all prior contracts, negotiations, representations, or agreements, either written or oral. This Contract may only be amended by written instrument approved and executed by the parties.

E. This Contract and all rights and obligations contained herein may not be assigned by the FIRM without the prior written approval of the City.

F. The FIRM, its agents, employees, and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Bryan, and with all applicable rules and regulations promulgated by local, state, and national boards, bureaus, and agencies. The FIRM must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.

G. Reimbursable or other miscellaneous expenses incurred by the FIRM shall be included in the contract price; additional payment for such expenses will not be considered.

H. The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.

APPROVED AS TO FORM:


Janis Hampton, City Attorney

APPROVED FOR PROCESSING:

Robert Shultz
Robert Shultz, Interim Chief Financial Officer
Date: 1-23-12

CITY OF BRYAN:

Ken Register
Ken Register, Interim City Manager
Date: 1-24-12

Jason F. Bienski
Jason F. Bienski, Mayor
Date: 1-27-12

ATTEST:

Mary L. Stratta
Mary L. Stratta, City Secretary
Date: 1-27-12

FIRM:

(FIRMs - Corporate Seal)

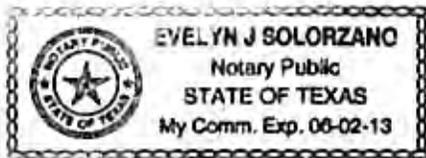
By: *Steven Adams*
Printed Name: STEVEN ADAMS
Title: MANAGING DIRECTOR
Date: 1-6-2012

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

ACKNOWLEDGEMENT

This instrument was acknowledged before me on the 6th day of January, 2012, by Evelyn Solorzano on behalf of Steven Adams.

[Signature]
Notary Public in and for the State of Texas



APPENDIX A

Fee Schedule:

Base fee					\$ 10,000.00
Plus	\$ 7.50	per \$1,000 for initial	\$ 1,000,000	or	7,500.00 \$17,500.00 for \$1,000,000
Plus	1.00	per \$1,000 for next	9,000,000	or	9,000.00 26,500.00 for 10,000,000
Plus	0.75	per \$1,000 for next	40,000,000	or	30,000.00 56,500.00 for 50,000,000

The above charges shall be multiplied by 1.25 times for the completion of an application to a federal or state government agency or for the issuance of revenue bonds or refunding bonds, reflecting the additional services required.

The charges for ancillary services, including computer structuring and official statement printing, shall be levied only for those services which are reasonably necessary in completing the transaction and which are reasonable in amount, unless such charges were incurred at the specified direction of the Issuer.

The payment of charges for financial advisory services in Section I of the foregoing Agreement shall be contingent upon the delivery of bonds and shall be due at the time that bonds are delivered. The payment of charges for services described in Section II of the foregoing Agreement shall be due and payable in accordance with the mutual agreement therefor between SPFI and Issuer.

The Issuer shall be responsible for the following expenses, if and when applicable:

- Bond counsel
- Bond ratings
- Computer structuring
- Continuing Disclosure, as per Section III
- Credit enhancement
- Verification agent
- Official statement preparation
- Official statement printing
- Paying agent/registrars/trustee
- Travel related expenses related to ratings or credit enhancement, with prior approval
- Underwriter and underwriters' counsel
- Delivery, copy, conference call charges and other miscellaneous charges

The payment of reimbursable expenses that SPFI has assumed on behalf of the Issuer shall NOT be contingent upon the delivery of bonds and shall be due at the time that services are rendered and payable upon receipt of an invoice therefor submitted by SPFI.

CONTRACT FOR ENGINEERING SERVICES
CDM Smith

This Contract, dated _____, 2015, is between the **City of Bryan**, a Texas home-rule municipal corporation, (the City) and CDM Smith Inc. a corporation (the Engineer), whereby the Engineer agrees to provide the City with certain professional services as described herein and the City agrees to pay the Engineer for those services.

1. Scope of Services

In consideration of the compensation stated in paragraph 2, the Engineer agrees to provide the City with the professional services as described in Attachment A, the Scope of Services, which is incorporated herein by reference for all purposes, and which services may be more generally described as follows: **Aquifer Storage and Recovery Feasibility Assessment.**

2. Payment

In consideration of the Engineer's provision of the professional services in compliance with all terms and conditions of this Contract, the City shall pay the Engineer according to the terms set forth in Attachment A. Except in the event of a duly authorized change order, approved by the City in writing, the total cost of all professional services provided under this Contract may not exceed **One Hundred Twenty Thousand and 00/100 Dollars (\$120,000.00).**

3. Time of Performance

- A. All design work and other professional services provided under this Contract must be completed by the following date: _____. The City, by and through the Director of the City's Water Services Department, may agree to an extension of the time for completion. Any extension of the time for completion approved by the City, however, shall only be effective upon the execution of an instrument in writing stating the terms of the extension and signed by both the City and the Engineer. The Schedule is more fully defined in Attachment A.
- B. **Time is of the essence of this Contract.** The Engineer shall be prepared to provide the professional services in the most expedient and efficient manner possible in order to complete the work by the times specified.

4. Warranty, Indemnification, & Release

- A. As an experienced and qualified design professional, the Engineer warrants that the information provided by the Engineer reflects high professional and industry standards, procedures, and performances. The Engineer warrants the design preparation of drawings, the designation or selection of materials and equipment, the selection and supervision of personnel, and the performance of other services under this Contract, is pursuant to a high standard of performance in the profession. The Engineer warrants that the Engineer will exercise diligence and due care and perform in a good and workmanlike manner all of the services pursuant to this Contract. Approval of the City shall not constitute, or be deemed, a release of the responsibility and liability of the Engineer, its employees, agents, or associates for the exercise of skill and

diligence to promote the accuracy and competency of their designs, information, plans, specifications or any other document, nor shall the City's approval be deemed to be the assumption of responsibility by the City for any defect or error in the aforesaid documents prepared by the Engineer, its employees, associates, agents, or subcontractors.

- B. The Engineer shall promptly correct any defective designs or specifications furnished by the Engineer at no cost to the City. The City's approval, acceptance, use of, or payment for, all or any part of the Engineer's services hereunder or of the Project itself shall in no way alter the Engineer's obligations or the City's rights hereunder.
- C. In all activities or services performed hereunder, the Engineer is an independent contractor and not an agent or employee of the City. The Engineer and its employees are not the agents, servants, or employees of the City. As an independent contractor, the Engineer shall be responsible for the professional services and the final work product contemplated under this Contract. Except for materials furnished by the City, the Engineer shall supply all materials, equipment, and labor required for the professional services to be provided under this Contract. The Engineer shall have ultimate control over the execution of the professional services. The Engineer shall have the sole obligation to employ, direct, control, supervise, manage, discharge, and compensate all of its employees or subcontractors, and the City shall have no control of or supervision over the employees of the Engineer or any of the Engineer's subcontractors.
- D. The Engineer must at all times exercise reasonable precautions on behalf of, and be solely responsible for, the safety of its officers, employees, agents, subcontractors, licensees, and other persons, as well as their personal property, while in the vicinity of the Project or any of the work being done on or for the Project. It is expressly understood and agreed that the City shall not be liable or responsible for the negligence of the Engineer, its officers, employees, agents, subcontractors, invitees, licensees, and other persons.
- E. Responsibility for damage claims (indemnification): Engineer shall defend, indemnify and save harmless the City and all its officers, agents, and employees from all suits, actions, or claims of any character, name and description brought for or on account of any injuries or damages received or sustained by any person or persons or property resulting from the Engineer's negligent performance of the work, or by or on account of any claims or amounts recovered under the Workmen's Compensation Law or any other law, ordinance, order or decree, and his sureties shall be held until such suit or suits, action or actions, claim or claims for injury or damages as aforesaid shall have been settled and satisfactory evidence to the effect furnished the City. Engineer shall defend, indemnify and save harmless the City, its officers, agents and employees in accordance with this indemnification clause only for that portion of the damage caused by Engineer's negligence.
- F. Release. The Engineer releases, relinquishes, and discharges the City, its officers, agents, and employees from all claims, demands, and causes of action of every kind and character, including the cost of defense thereof, for any injury to, sickness or death of the Engineer or its employees and any loss of or damage to any property of the Engineer or its employees that is caused by or alleged to be caused by, arises out of, or is in connection with the Engineer's negligent performance of the work. Both the City and the Engineer expressly intend that this release shall apply regardless of whether said claims, demands, and causes of action are

covered, in whole or in part, by insurance.

5. Engineer's Insurance

The Engineer agrees to maintain, on a primary basis, for the duration of this contract the insurance coverages and limits as described below. See Attachment D for insurance example. The Engineer must deliver to the City a certificate(s) of insurance evidencing that such policies are in full force and effect within 5 business days of notification of the City's intent to award a contract. Failure to meet the insurance requirements and provide the required certificate(s) and any necessary endorsements within five business days **may cause the contract to be rejected**. The City reserves the right to obtain complete, certified copies of all required insurance policies at any time.

The requirements as to types and limits, as well as the City's review or acceptance of insurance coverage to be maintained by Engineer, is not intended to nor shall in any manner limit or qualify the liabilities and obligations assumed by the Engineer under the Agreement.

- A. **Commercial General Liability Insurance** – Limit of liability not less than \$1,000,000 per occurrence Engineer agrees to maintain a standard ISO version Commercial General Liability occurrence form, or its equivalent providing coverage for, but not limited to, Bodily Injury and Property Damage, Premises/Operations, Products/Completed Operations, Independent Engineers.
- B. **Professional Liability Insurance** – Limit of liability not less than \$1,000,000 per occurrence Engineer agrees to maintain Professional (Errors & Omissions) Liability to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission of the Engineer or any person employed or acting on the Engineer's behalf (including but not limited to sub-contractors). For policies written on a "claims-made" basis, Engineer agrees to maintain a retroactive date prior to or equal to the effective date of this contract and that continuous coverage will be maintained or a supplemental extended reporting period will be purchased with a minimum reporting period not less than two years after the completion of this contract. The Engineer is solely responsible for any additional premium for the supplemental extended reporting period.
- C. **Business Automobile Liability Insurance** – Limit of liability not less than \$1,000,000 per occurrence Engineer agrees to maintain a standard ISO version Business Automobile Liability, or its equivalent, providing coverage for all owned, non-owned and hired automobiles. Should the Engineer not own any automobiles, the business auto liability requirement shall be amended to allow the Engineer to agree to maintain only Hired & Non-Owned Auto Liability. This amended coverage requirement may be satisfied by way of endorsement to the Commercial General Liability, or separate Business Auto policy.
- D. **Workers' Compensation Insurance & Employers' Liability Insurance** – Statutory & \$500,000/\$500,000/\$500,000. The Engineer agrees to maintain Worker's Compensation Insurance & Employers Liability. In the event any work is sublet, the Engineer shall require the subcontractor similarly to provide the same coverage and shall himself acquire evidence of such coverage on behalf of the subcontractor.

- E. **Additional Insured Endorsements** The Engineer agrees to endorse the City as an Additional Insured on each insurance policy required to be maintained, with the exception of the worker's compensation, employer's liability and professional liability policy.
- F. **Waiver Of Subrogation** Waiver of subrogation in favor of the City of Bryan for each required policy. When required by the insurer or should a policy condition not permit Engineer to enter into a pre-loss agreement to waive subrogation without an endorsement, then Engineer agrees to notify the insurer and request the policy be endorsed with a Waiver of Transfer of rights of Recovery Against Others, or its equivalent. This Waiver of Subrogation requirement shall not apply to any policy, which includes a condition specifically prohibiting such an endorsement, or voids coverage should Engineer enter into such an agreement on a pre-loss basis.
- G. **Deductibles, Coinsurance Penalties, & Self-Insured Retention** Engineer shall agree to be fully and solely responsible for any costs or expenses as a result of a coverage deductible, coinsurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, coinsurance penalty, or self-insured retention.
- H. **Subcontractor's Insurance** The Engineer shall agree to cause each subcontractor employed by Engineer to purchase and maintain insurance of the type specified, provided the Engineer's insurance does not afford coverage on behalf of the subcontractor.
- I. **Certificate Of Insurance** Engineer shall furnish the City with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements. The certificate must be from a company with an A.M. Best rating of "A-" or better and/or otherwise acceptable to the City. Certificates must be submitted using the ACORD form and all endorsements must be included with the submittal. The certificate(s) shall contain a provision that coverage under such policies shall not be cancelled or non-renewed until at least thirty (30) days prior written notice, or ten (10) days notice for cancellation due to non-payment of premiums, is given the City of Bryan.

If the event the City is notified that a required insurance coverage will cancel or non-renew during the contract period, the Engineer shall agree to furnish prior to the expiration of such insurance, a new or revised certificate(s) as proof that equal and like coverage is in effect. The City reserves the right, but not the obligation, to withhold payment to Engineer until coverage is reinstated. If the Engineer fails to maintain the required insurance, the City shall have the right, but not the obligation, to purchase the required insurance at Engineer's expense.

Certificates and notices should be given to the City at the following address:

City of Bryan
Attn: Risk Management Department
300 S. Texas Ave.
Bryan, TX 77803

RIGHT TO REVIEW AND ADJUST The City reserves the right to review these requirements and to modify insurance coverage and their limits when deemed necessary and prudent. Furthermore, the City reserves the right, but not the obligation, to review and reject any insurer providing coverage because of poor financial condition.

6. Termination

- A. The City may terminate this Contract. Without cause, at any time upon **thirty (30)** calendar days written notice. Upon the Engineer's receipt of such notice, the Engineer shall cease work immediately. The Engineer shall be compensated for the services satisfactorily performed prior to the termination date.
- B. If, through any cause, the Engineer fails to fulfill its obligations under this Contract, or if the Engineer violates any of the agreements of this Contract, the City has the right to terminate this Contract by giving the Engineer **five (5)** calendar days written notice to the Engineer. The Engineer will be compensated for the services satisfactorily performed before the termination date.
- C. No term or provision of this Contract shall be construed to relieve the Engineer of liability to the City for damages sustained by the City because of any breach of contract by the Engineer. The City may withhold payments to the Engineer for the purpose of setoff until the exact amount of damages due the City from the Engineer is determined and paid.

7. Miscellaneous Terms

- A. This Contract has been made under and shall be governed by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in Brazos County, Texas.
- B. Notices shall be mailed to the addresses designated herein or as may be designated in writing by the parties from time to time and shall be deemed received when sent postage prepaid U.S. Mail to the following addresses:

The City of Bryan
Attn: Jayson Barfknecht, Ph.D., P.E.
P.O. Box 1000
Bryan, TX 77805

The Engineer:
Attn: Allen Woelke, P.E., BCEE
12357-A Riata Trace Pkwy, Suite 210
Austin, TX 78727

- C. No waiver by either party hereto of any term or condition of this Contract shall be deemed or construed to be a waiver of any other term or condition or subsequent waiver of the same term or condition.
- D. This Contract represents the entire and integrated agreement between the City and the Engineer and supersedes all prior negotiations, representations, or agreements, either written or oral.

This Contract may only be amended by written instrument approved and executed by the parties.

- E. This Contract and all rights and obligations contained herein may not be assigned by the Engineer without the prior written approval of the City.
- F. The Engineer, its agents, employees, and subcontractors must comply with all applicable federal and state laws, the charter and ordinances of the City of Bryan, and with all applicable rules and regulations promulgated by local, state, and national boards, bureaus, and agencies. The Engineer must obtain all necessary permits and licenses required in completing the work and providing the services required by this Contract.
- G. The parties acknowledge that they have read, understood, and intend to be bound by the terms and conditions of this Contract.

Party of the First Part

CITY OF BRYAN, TEXAS

Approved as to Form:

Approved:

Janis K. Hampton, City Attorney

Jason P. Bienski, Mayor

Approved for Processing:

Attest:

Jayson Barfknecht, Ph.D., P.E.
Director of Public Works

By: _____
Mary Lynne Stratta, City Secretary

Date: _____

Kean Register, City Manager

Party of the Second Part

ENGINEER:

By: _____
Printed Name: Allen D. Woelke, P.E.
Title: Vice President
Date: _____
Firm's License No. TBPE No. F-3043

Witness

ATTACHMENT “A”

Aquifer Storage and Recovery (ASR) Desktop Feasibility Assessment

Scope of Services

The City of Bryan (Bryan) currently has 12 water supply wells, ten actively used wells and two inactive wells, in the Simsboro and Sparta Aquifers. ASR has been identified as a viable water management strategy for the City during drought and high demand periods during the summer. An initial assessment of the hydrogeology in the vicinity suggests the Sparta, Queen City, and Carrizo-Wilcox (Simsboro) Aquifers are potential subsurface formations that could be used for ASR.

The water withdrawn from the Simsboro aquifer is hot (about 115 degrees Fahrenheit) and requires cooling prior to distribution. The City owns and operates a cooling and treatment facility (Site) near Well #10. Preliminary discussions between Engineer and the City have identified the cooling and treatment facility as a viable location for an ASR system and the possibility for converting Well #10 into an ASR injection well. The purpose of the proposed Assessment is to determine the potential feasibility of an ASR system at this site, the potential for converting Well #10 into an ASR injection well and provide recommendations as to the next steps for developing ASR system in the City.

Project Approach

Engineer proposes a phased approach for developing ASR as a water supply alternative for the City. This approach includes the following phases:

- Phase 1 Initial Assessment - The Initial Assessment includes the collection and evaluation of existing data to identify the most feasible aquifer and site location for a pilot test as well as the development of a conceptual design for the pilot test.
- Phase 2 Refine ASR Strategy – Once the feasibility of an ASR project has been confirmed, collect additional field data (if necessary) to fill identified data gaps, conduct aquifer modeling to evaluate impacts of varying injection rates, injection location, annual withdrawals from the aquifer and revisit the probabilistic model developed for the Region G plan to evaluate potential seasonal variability of water supply/demand and potential system capacity for short-term and long-term storage needs. More detailed water quality compatibility evaluations would also be conducted if recommended in the feasibility study.
- Phase 3 ASR Pilot Test - Conduct an ASR pilot test to confirm the feasibility of the selected aquifer and site location for an ASR system. The pilot test would include retrofitting an existing well (if feasible) for pilot testing and/or monitoring, drilling and constructing an ASR pilot test well, associated monitoring wells, pumping and injection testing, and pilot test data evaluation.
- Step 4 ASR System Design and Construction
- Step 5 ASR Operation and Maintenance

This proposal outlines the scope of work, schedule, and budget for conducting the Initial Assessment (Phase 1). The implementation of subsequent phases will be based on the results and recommendations from the Desktop Assessment.

Scope of Work

The proposed scope of work for the Initial Assessment (Phase 1) will be conducted as described below.

Task 1 - Program Development and Coordination

The objective of Task 1 is to hold a kick off meeting via phone call with the City to confirm the type of ASR system that would best meet the needs of the City. Engineer will meet with the City to discuss their needs and the goals for the ASR project, potential sites for an ASR system, and logistical issues. The following items will be determined during this task:

- Confirm goals, needs, and wants of City.
- Identify / confirm preferred and alternative ASR system locations.
- Identify / confirm operational strategy for ASR system

The decisions made during this task will influence how Engineer proceeds with this Initial Assessment to identify the preferred and alternative ASR system sites.

Task 2 - Data Collection and Review

The objective of Task 2 is to gather and review available data required for the evaluation of the preferred and alternative ASR system sites. Engineer will work with the City to compile available and relevant data necessary for this assessment. This task includes the collection of the following data:

- Regional and local hydrogeologic reports and data available from Texas Water Development Board, Bureau of Economic Geology (BEG)
- Site specific hydrogeologic data (e.g., geological logs, geophysical logs, aquifer testing results, groundwater quality data) available from TWDB, BEG and log libraries;
- Available construction, maintenance and rehabilitation, water level, water quality, and production data for the City water supply wells and other nearby water supply wells. Well #10 is of particular interest in this data gathering effort.

Specific issues that will be considered during the data collection and review will include:

- Project objectives (type of ASR system).
- Seasonal variability of utility water supply and demand. The seasonal availability of water for storage will be evaluated, including consideration of demand center location relative to water sources, potential ASR sites, and treatment and distribution facilities. The evaluation will include a consideration of long-term water supply and demand trends.
- Required system capacity (short and long term daily and seasonal demands).
- Potential Water supply options for pilot ASR system testing, including location of nearest source (pipeline), logistics of connection, pipe size and delivery pressures.
- Quality of source water to be used for initial testing, as well as quality of water to be used for long term system operation.
- Identification of any data gaps.

Task 3 - Initial Evaluation of the Hydrogeology of ASR System

The objective of Task 3 is to evaluate the compiled hydrogeologic, well, and water quality data to answer the following questions:

1. Is the City-owned property around Well #10 a suitable location for an ASR system?
2. Can Well #10 be used as for pilot testing and/or as one of the injection wells for the ASR system?

A preliminary assessment will be performed to technical issues that might affect the feasibility of an ASR in both cases, as well as regulatory/permitting issues. Specific tasks and issues to be examined for this task include the following:

- Likely hydrogeology of potential storage zones, including hydraulic parameters (transmissivity, storage coefficient, leakance), degree and type of aquifer heterogeneity, potentiometric surface elevation, groundwater flow direction, aquifer hydraulic gradient, and water quality.
- Location and likely effectiveness of confining strata above the storage zone.
- Location of aquifer users that might be impacted by the proposed ASR system. A well inventory will be performed for the ASR system sites and summarized on a map.
- Site vicinity inspection to identify potential issues that might impact the permitting successful implementation of an ASR system.
- Preliminary compatibility analysis. Available water quality and geologic data will be evaluated for a preliminary determination of whether fluid-rock interactions might adversely impact implementation of ASR program. If potential concerns are identified, a more detailed evaluation would be recommended as part of Phase 2.
- Engineer has been actively involved in the passage of HB655. The Texas Commission on Environmental Quality (TCEQ) is currently involved in rule making and permitting program development process which will conclude in XXX. As such, CDM Smith will summarize the current status of the regulatory framework and identify potential opportunities/risks that might impact permitting an ASR system for the City.
- Evaluation of the land acquisition requirements of the ASR system.
- Evaluation of any zoning issues that might impact the construction of an ASR system.
- Preliminary evaluation of existing Well #10 for potential use in the ASR pilot test and/or as an ASR injection well.

Task 4 – Refined ASR System Conceptual Design

The objective of Task 4 is to refine the conceptual design that was presented in the Region G plans based on the information gathered in Tasks 2 and 3. The conceptual design will include ASR and monitor well construction details, recommended cycle testing program, monitoring requirements, operational strategy, and site logistical issues, such as piping, electrical service provision, pumping, and instrumentation. If existing wells are identified that could be used for the pilot test, the conceptual design will include preliminary conceptual construction details needed to evaluate / convert the well for ASR use. Additionally, a feasibility level cost estimate will be prepared based on the refined ASR system design and would include design, permitting, construction, construction services (supervision), testing, and operating costs.

Task 4 – Conceptual ASR Pilot Test Design

The objective of Task 4 is to develop a conceptual design of a one-well pilot ASR system. The conceptual design will be based on the ASR pilot test site determined in Task 3. The tasks and issues to be examined for this task include the following:

- A conceptual design of a one-well pilot ASR system. The conceptual design will include ASR and monitor well construction details, recommended cycle testing program, monitoring requirements, operational strategy, and site logistical issues, such as piping, electrical service provision, pumping, and instrumentation. If existing wells are identified that could be used for the pilot test, the conceptual design will include construction details needed to evaluate / convert the well for ASR use.
- A preliminary cost estimate for a one-well pilot ASR system. The cost estimate will include design, permitting, construction, construction services (supervision), testing, and operating costs.
- Preliminary plans for site-specific hydrogeologic testing program (test well) with a construction and testing cost estimate.

Task 5 - Technical Memorandum

A Technical Memorandum will be prepared that presents the results of the initial evaluation of the potential ASR sites. The report will conclude whether or not the type of ASR system determined in Task 1 is feasible (both for use of Well #10 as well as the proposed site for the ASR system) as far as meeting the ASR program goals of the City. The Technical Memorandum will include the following:

- Presentation and interpretation of the data collected in Tasks 2 and 3.
- A technical feasibility determination and explanation
- A summary of the current status of the ASR regulatory framework (including both rules and permitting program) and identify potential opportunities/risks that might impact permitting an ASR system for the City.
- Ranking of the preferred and alternative ASR system concepts. The ranking will include the pros and cons of each concept (i.e., use of Well #10 as injection and/or pilot well as well as use of property around well #10 as site for ASR system) and the technical memorandum will provide a recommendation for the most feasible ASR strategy.
- The conceptual design of the refined ASR system including recommended cycle testing program, monitoring requirements, operational strategy, and site logistical issues, such as piping, electrical service provision, pumping, and instrumentation.
- A preliminary cost estimate for the ASR system to include the estimated costs of design, permitting, construction, construction services (supervision), testing, and operation.
- Preliminary plans for site-specific hydrogeologic testing program (test well) with a construction and testing cost estimate.

Engineer proposes to conduct an in-person meeting with up to two (2) Engineer staff to present the findings and recommendations from the Technical Memorandum. During this meeting, Engineer and the City would jointly determine the preferred ASR system configuration. Subsequently, the draft Technical Memorandum will be provided to the City for one round of review and comment.

General Assumptions

This proposal assumes the following:

- All assumptions previously mentioned within this proposal.
- City will any available well construction, well logs, water quality data, as-built drawings for the Site.
- City will provide access to the Site and adjacent properties for the investigative activities.
- City will provide Engineer with a copy/briefing of all Health and Safety procedures at the Site.
- Typical Health and Safety equipment will be required for work at the Site including hard hat, steel-toed boots.
- The Site cover is asphalt and grass.

Schedule

The estimated time to complete the work scope through submittal of the Draft Technical Memorandum is 120 calendar days. The final version of the Technical Memorandum will be supplied within 14 calendar days of receiving final comments from the City.

Payment

Payment will be on a lump sum basis based on the schedule of tasks below. The Engineer will prepare invoices monthly based on the percent complete of each task.

Task 1: Program Development, Coordination & Application Preparation	\$25,000
Task 2: Data Collection and Review	\$20,000
Task 3: Desktop Evaluation of the Hydrogeology of ASR System	\$25,000
Task 4: Refined ASR System Conceptual Design	\$35,000
Task 5: Technical Memorandum	<u>\$15,000</u>
Total	\$120,000

ATTACHMENT "D" -THE CITY OF BRYAN INSURANCE REQUIREMENTS

CERTIFICATE OF INSURANCE		DATE (MM/DD/YY)
PRODUCER	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED	INSURERS AFFORDING COVERAGE	
	INSURER A:	
	INSURER B:	
	INSURER C:	
	INSURER D:	
		INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THEIR TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS														
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> OWNER'S & CONT. PROT <input type="checkbox"/> OWNER'S PROTECTIVE LIABILITY GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>EACH OCCURRENCE</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>FIRE DAMAGE (Any one fire)</td><td style="text-align: right;">\$ 50,000</td></tr> <tr><td>MED EXP (Any one person)</td><td style="text-align: right;">\$ 5,000</td></tr> <tr><td>PERSONAL & ADV INJURY</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>GENERAL AGGREGATE</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>PRODUCTS – COMP/OP AGG</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td> </td><td> </td></tr> </table>	EACH OCCURRENCE	\$ 1,000,000	FIRE DAMAGE (Any one fire)	\$ 50,000	MED EXP (Any one person)	\$ 5,000	PERSONAL & ADV INJURY	\$ 1,000,000	GENERAL AGGREGATE	\$ 1,000,000	PRODUCTS – COMP/OP AGG	\$ 1,000,000		
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PRODUCTS – COMP/OP AGG	\$ 1,000,000																		
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>COMBINED SINGLE LIMIT (Ea accident)</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>BODILY INJURY (Per person)</td><td style="text-align: right;">\$</td></tr> <tr><td>BODILY INJURY (Per accident)</td><td style="text-align: right;">\$</td></tr> <tr><td>PROPERTY DAMAGE (Per accident)</td><td style="text-align: right;">\$</td></tr> </table>	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	BODILY INJURY (Per person)	\$	BODILY INJURY (Per accident)	\$	PROPERTY DAMAGE (Per accident)	\$						
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D	WORKERS COMPENSATION AND EMPLOYER'S LIABILITY				<input checked="" type="checkbox"/> WC STATU- <input type="checkbox"/> OTHER TORY LIMITS														
					E.L. EACH ACCIDENT	\$ 500,000													
					E.L. DISEASE-EA EMPLOYEE	\$													
					E.L. DISEASE-POLICY LIMIT	\$													
OTHER Professional Liability					<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td>PER CLAIM/AGGREGATE</td><td style="text-align: right;">\$ 1,000,000/ \$ 1,000,000</td></tr> </table>	PER CLAIM/AGGREGATE	\$ 1,000,000/ \$ 1,000,000												
PER CLAIM/AGGREGATE	\$ 1,000,000/ \$ 1,000,000																		

DESCRIPTION OF OPERATIONS / LOCATION / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

City of Bryan shall be named as additional insured on all Commercial General Liability and Automobile Liability policies. General Liability, Automotive Liability and Worker's Compensation policy to include a Waiver of Subrogation in favor of the City of Bryan. (All Endorsements must be submitted with the certificate.)

CERTIFICATE HOLDER

ADDITIONAL INSURED; INSURER LETTER: _____

CANCELLATION

**City of Bryan
Attn: Engineering Dept.
P.O. Box 1000
Bryan, Texas 77805**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL **30** DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



September 29, 2015

Re: Statement of Qualifications Review
Professional Services Request for Qualifications (RFQ) 15-053

Dear Submitting Firms:

We thank you for the interest you have shown in working for the City of Bryan by responding to our RFQ for Professional Services. The response was overwhelming, having received over 40 Statements of Qualifications to review, many for all categories of work (Street, Drainage, Airport, Water, Wastewater, Surveying, and Traffic). We appreciate the patience you have shown us in the extra review time to make an evaluation of all these responses. We wanted to make sure and spend the needed time to read the responses and give a thorough review of the qualifications, in many cases learning about firms we have yet to have the pleasure to work with.

We are pleased to inform you that you have been listed on our pre-qualified list for future projects. The purpose of this general RFQ was to provide a more efficient use of time and effort for both the City and the potential consultants in the process of selecting a qualified firm for a particular project. Due to the overwhelming response, we need to narrow the list down to a smaller number of firms, so we have developed short lists for each category of work.

The following list is a short list of firms by work category that the City of Bryan will use for future projects. If your firm is not on this short list, it does not mean your firm was not qualified; it just represents a shorter list that we will start with as new projects arise. They are listed in alphabetical order:

AIRPORT

Baer Engineering
Bury
CDM Smith
Civil Engineering Consultants
Gessner Engineering
Goodwin Lasiter Strong
Klotz Associates

AIRPORT (continued)

KSA
O'Malley Strand
Zarinkeik

STREET

Binkley and Barfield
Bleyl & Associates
Bury
CDM Smith
Civil Engineering Consultants
Civil Tech Engineering
Cobb Fendley
Freese & Nichols
Goodwin Lassiter Strong
HALFF
Johnson & Pace
Jones & Carter
Kimley Horn
KIT Professionals
KSA
LAN
Mitchell & Morgan
O'Malley Strand
Othon
Terra

DRAINAGE

5 Engineering
Binkley and Barfield
Bleyl Associates
Brown & Gay
CDM Smith
Civil Engineering Consultants
Civil Systems
Civil Tech Engineering
Cobb Fendley
Freese & Nichols
HALFF
Jones & Carter
Kimley Horn
KIT Professionals
Klotz
LAN
Mitchell & Morgan
O'Malley Strand
Othon
Zarinkeik

SURVEYING

Binkley and Barfield
Bury
Civil Engineering Consultants
Cobb Fendley
Goodwin Lasiter Strong
HALFF
Johnson & Pace
Jones & Carter
O'Malley Strand
Strong Surveying

TRAFFIC

Binkley and Barfield
Bleyl Associates
Brown and Gay
CDM Smith
Cobb Fendley
Freese & Nichols
Goodwin Lasiter Strong
Jones & Carter
Kimley Horn
Klotz Associates
Mitchell & Morgan
O'Malley Strand
Othon
SGI
Terra

WATER

Binkley & Barfield
Bleyl Associates
Brown and Gay
Bury
CDM Smith
Civil Engineering Consultants
Cobb Fendley
Freese & Nichols
Goodwin Lasiter Strong
HALFF
Johnson & Pace
Jones & Carter
Kimley Horn and Associates
KIT Professionals
KSA

WATER (continued)

Mitchell & Morgan
O'Malley Strand
Othon
Schultz Engineering
Shrader Engineering

WASTEWATER

Binkley & Barfield
Bleyl Associates
Brown & Gay
Bury
CDM Smith
Civil Engineering Consultants
Civil Tech Engineering

WASTEWATER (continued)

Cobb Fendley
Freese & Nichols
Goodwin Lasiter Strong
HALFF
Johnson & Pace
Jones & Carter
Kimley Horn
KIT Professionals
KSA
Mitchell & Morgan
O'Malley Strand
RJN Group
Shrader Engineering

Our intent remains the same, to utilize the list of qualified firms above and their written SOQ from this RFQ process as a guide to match firms to future engineering projects. The detailed information provided in the SOQ's will be helpful in this regard. For small projects or for projects where a certain firm possesses significant knowledge from a previous project or phase of a project thereby making them the most qualified, the list will be employed to begin negotiations with a particular firm. For larger more complex projects we intend to use this list to develop a short list of firms to interview in which they answer the remaining evaluation factors as applied to the specific project under consideration. We will then begin negotiating with the firm selected as the most qualified for the project by the interview panel.

We sincerely appreciate the time and effort put into this process and we look forward to working with you on a future project. Please feel free to contact me if you have any questions or concerns.

Best Regards,



W. Paul Kaspar, P.E., CFM
City Engineer

Xc: Barney Williams, P.E., CFM, Assistant City Engineer
Jayson Barfknecht, PhD., P.E., CFM, Director of Public Works

**ATTACHMENTS –
PART B**

RESOLUTION NO. 3654

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY BRYAN,
TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS
WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF
AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN
FINDINGS IN CONNECTION THEREWITH**

WHEREAS, the Texas Water Development Board administers the State Water Implementation Fund for Texas ("SWIFT") low interest loan program established by the Texas Legislature in 2013;

WHEREAS, to supply water to its water utility, the City of Bryan, Texas (the "City") is proposing to develop an aquifer storage and recovery system (the "Project");

WHEREAS, the City would like to take advantage of low-interest SWIFT loans to finance the Project;

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

1. That an application is hereby approved and authorized to be filed with the Texas Water Development Board seeking financial assistance from the SWIFT loan program in an amount not to exceed \$18,000,000 to provide for the payment of costs of development of the Project;

2. That Jayson Barfknecht, the City's Public Works Director, be and is hereby designated the authorized representative of the City for purposes of furnishing such information and executing such documents as may be required in connection with the preparation and filing of such application for financial assistance and the rules of the Texas Water Development Board; and

3. That the following firms and individuals are hereby authorized and directed to aid and assist in the preparation and submission of such application and to appear on behalf of and represent the City before any hearing held by the Texas Water Development Board on such application, to wit:

Financial Advisor:

Steven A. Adams
Specialized Public Finance Inc.
4925 Greenville Avenue, Suite 465
Dallas, Texas 75206
(214) 373-3911

Engineer:

Allen Woelke
CDM Smith
12357-A Riata Trace Pkwy, #210
Austin, Texas 78727
(512) 346-1100

Bond Counsel:

Jerry V. Kyle, Jr.
Andrews Kurth LLP
111 Congress Avenue, Suite 1700
Austin, Texas 78701
(512) 320-9271

PASSED AND APPROVED, this the 10th day of May, 2016.

ATTEST:

CITY OF BRYAN


for Mary Lynne Stratta, City Secretary

By: 
Jason P. Bienski, Mayor

APPROVED AS TO FORM:


Janis K. Hampton, City Attorney

Application Affidavit (WRD-201)

THE STATE OF TEXAS §
COUNTY OF Brazos §
APPLICANT City of Bryan, Texas §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Mr. Jayson E. Barfknecht as the Authorized Representative of the City of Bryan, Texas, who being by me duly sworn, upon oath says that:

1. the decision by the City of Bryan, Texas (authority, city, county, corporation, district) to request financial assistance from the Texas Water Development Board ("Board") was made in a public meeting held in accordance with the Open Meetings Act (Government Code, §551.001, et seq.) and after providing all such notice as required by such Act as is applicable to the City of Bryan, Texas (authority, city, county, corporation, district) ;

2. the information submitted in the application is true and correct according to my best knowledge and belief;

3. the City of Bryan, Texas (authority, city, county, corporation, district) has no pending, threatened, or outstanding judgments, orders, fines, penalties, taxes, assessment or other enforcement or compliance issue of any kind or nature by the Environmental Protection Agency, Texas Commission on Environmental Quality, Texas Comptroller, Texas Secretary of State, or any other federal, state or local government, except for the following (if no such outstanding compliance issues, write in "none");

4. the City of Bryan, Texas (authority, city, county, corporation, district) warrants compliance with the representations made in the application in the event that the Board provides the financial assistance; and

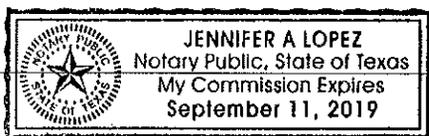
5. the City of Bryan, Texas (authority, city, county, corporation, district) will comply with all applicable federal laws, rules, and regulations as well as the laws of this state and the rules and regulations of the Board.

Jayson Barfknecht
Official Representative
Title: Public Works Director

SWORN TO AND SUBSCRIBED BEFORE ME, by Jayson Barfknecht,
this 11th day of May, 2016.

(NOTARY'S SEAL)

Jennifer Lopez
Notary Public, State of Texas



CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
COUNTY OF BRAZOS §
CITY OF BRYAN §

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

1. On the 10th day of May, 2016, a regular meeting of the City Council of the City of Bryan, Texas (the "Council") was held at a meeting place within the City, the duly constituted members of the Council being as follows:

JASON P. BIENSKI)	MAYOR
AL SAENZ)	
RAFAEL PEÑA III)	
GREG OWENS)	COUNCIL MEMBERS
MIKE SOUTHERLAND)	
BEN HARDEMAN)	
BUPPY SIMANK)	

and all of said persons were present at said meeting, except the following: _____.
Among other business considered at said meeting, the attached resolution entitled:

RESOLUTION NO. 3054

A RESOLUTION BY THE CITY COUNCIL OF THE CITY BRYAN, TEXAS REQUESTING FINANCIAL ASSISTANCE FROM THE TEXAS WATER DEVELOPMENT BOARD; AUTHORIZING THE FILING OF AN APPLICATION FOR ASSISTANCE; AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the resolution, and upon a motion being made by Rafael Peña and seconded by Ben Hardeman the resolution was finally passed and adopted by the Council to be effective immediately by the following vote:

7 voted "For" _____ voted "Against" _____ abstained

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

2. The attached resolution 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 date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meeting was given to each member of the Council; and that said meeting, and the deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the above entitled resolution, was posted and given in advance thereof in compliance with the provisions of V.T.C.A., Government Code, Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said City, this the 10th day of May, 2016.



City Secretary, City of Bryan, Texas

(City Seal)

ORDINANCE NO. _____

BOND ORDINANCE

\$3,500,000
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
NEW SERIES 20__

ADOPTED: _____, 2016

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ORDINANCE NO. _____

**AN ORDINANCE AUTHORIZING AND ORDERING THE ISSUANCE OF
“CITY OF BRYAN, TEXAS, WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, NEW SERIES 20__”; AND ENACTING OTHER
PROVISIONS INCIDENT AND RELATED THERETO**

WHEREAS, the City of Bryan, Texas (the “City” or the “Issuer”) is a “home-rule municipality” operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution; and

WHEREAS, the City has heretofore issued the Previously Issued Parity Bonds (as hereinafter defined); and

WHEREAS, the Previously Issued Parity Bonds are payable from a first lien on and pledge of the net revenues of the City’s combined waterworks and sewer systems (the “Waterworks and Sewer System”); and

WHEREAS, in the ordinances authorizing the issuance of the Previously Issued Parity Bonds, the City reserved the right to issue revenue bonds on a parity with the Previously Issued Parity Bonds; and

WHEREAS, the City has determined to issue the bonds hereinafter authorized (the “Bonds”) secured by a first lien on and pledge of the “Net Revenues” (hereinafter defined) of the Waterworks and Sewer System on a parity with the Previously Issued Parity Bonds; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including specifically Chapter 1502, Texas Government Code, as amended.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF BRYAN, TEXAS, THAT:

**ARTICLE I
DEFINITIONS, FINDINGS AND INTERPRETATION**

Section 1.01: Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have meanings specified below:

“Account” means any account created within a Fund established pursuant to the terms of this Ordinance or an ordinance authorizing the issuance of Parity Obligations.

“Additional Bonds” means the additional bonds the City reserves the right to issue in accordance with Section 10.01 hereof.

“Annual Debt Service Requirements” means, for any Fiscal Year, the principal of and interest on all Parity Bonds coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon

default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(1) Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the City an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Bonds, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate.

(A) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Parity Obligations Outstanding will bear interest at a variable rate and (ii) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, and (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period, or if no Variable Rate Obligations are then Outstanding, 1.25 times the average variable rate for similarly rated obligations with comparable maturities during the then immediately preceding twelve-month period, and

(B) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Parity Obligations then Outstanding bear interest at a variable rate and (b) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, and (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve-month period;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the City does not anticipate in its

annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

“Authentication Certificate” shall have the same meaning given said term in Section 3.03(d) hereof.

“Authorized Denomination” shall have the same meaning given said term in Section 3.02(a) hereof.

“Authorized Investments” means any and all of the authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, provided that such investments are, at the time made, included in and authorized by the City’s official investment policy approved from time to time by the City Council.

“Bondholder” or “Holder” or “Owner” or “Registered Owner” means the person who is the registered owner of a Bond or Bonds.

“Bond Insurer” means any insurance company insuring payment of municipal bonds and other similar obligations if such bond or obligations so insured by it are eligible for a rating by a Rating Agency, at the time of the delivery of a municipal bond insurance policy, in one of its two highest rating categories.

“Bonds” means the waterworks and sewer system revenue bonds authorized to be issued by Section 3.01 of this Ordinance, which Bonds constitute the ninth series of Parity Obligations.

“Business Day” shall mean a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Trust Office of the Paying Agent/Registrar is located.

“City” means the City of Bryan, Texas.

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

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

“Credit Agreement” means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Bonds, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Bonds and on a parity therewith.

“Credit Facility” means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Bonds would rate the Parity Bonds fully insured by a standard policy issued by the issuer in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Bonds would rate the parity obligations in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Bonds and the interest thereon; and, in any case, no lower than the rating assigned by a Rating Agency to the Parity Bonds.

“Credit Provider” means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

“Dated Date” means _____, 20__.

“Debt” means all:

(1) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the City that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of

property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the City whether or not the City has assumed or become liable for the payment thereof.

For the purpose of determining the “Debt” of the City, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the City in prior Fiscal Years.

“Debt Service Fund” means the interest and sinking fund described in Section 8.02 of this Ordinance.

“Defeasance Securities” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Designated Financial Officer” shall mean each of the City Manager and the Chief Financial Officer of the City.

“Designated Trust Office” shall mean the corporate trust office of the Paying Agent/Registrar in _____, Texas.

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

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

“Fiscal Year” means the twelve month period ending September 30 of each year, unless otherwise designated by the City.

“Fund” means any fund established pursuant to the terms of this Ordinance or an ordinance authorizing the issuance of Parity Obligations.

“Funded Debt” means all Parity Bonds that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the City to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the City.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being _____ and _____ of each year, commencing _____, 20__.

“Issuance Date” means the date of delivery of the Bonds to the TWDB in consideration of receipt of payment therefor.

“Maturity” when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

“Maturity Date” means the date specified in Section 3.02 hereof on which the principal of the Bonds is due and payable.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Earnings” means all income, receipts and revenues derived from the operation of the Waterworks and Sewer System, including interest earned on invested moneys in the special Funds created herein for the payment and security of obligations payable from the Net Revenues, after deduction of maintenance and operating expenses (but not deducting depreciation) and other expenditures which, under standard accounting practice, should be classified as capital expenditures. Revenues and receipts resulting solely from the ownership of the Waterworks and Sewer System (grants, meter deposits and gifts) and interest earned on Bond proceeds shall not be treated or included as income, revenues or receipts from the operation of the Waterworks and Sewer System for purposes of determining “Net Earnings”.

“Net Revenues” means all income, revenues and receipts of every nature derived from and received by virtue of the operation of the Waterworks and Sewer System including interest income and earnings received from the investment of moneys in the special Funds created by this Ordinance or ordinances authorizing Parity Obligations, after deducting and paying, and making provisions for the payment of, current expenses of maintenance and operation thereof, including all salaries, materials, repairs and extensions necessary to render efficient service; provided, however, only such expenses for repairs and extensions as in the judgment of the City Council reasonably and fairly exercised, are necessary to keep the Waterworks and Sewer System in

operation and to render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from Net Revenues of the Waterworks and Sewer System, shall be deducted in determining “Net Revenues”. Contractual payments for the purchase of water or the treatment of sewage shall be a maintenance and operating expense of the Waterworks and Sewer System to the extent provided in the contract incurred therefor and as may be authorized by law. Depreciation shall never be considered as an expense of operation and maintenance.

“Non-Recourse Debt” means any Debt secured by a lien (other than a lien on Net Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the City attributable to the Waterworks and Sewer System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the City and being used in the operations of the City.

“Officer’s Certificate” means a certificate executed by a Designated Financial Officer.

“Ordinance” means this Ordinance, under which the Bonds are authorized.

“Parity Bonds” means the Previously Issued Parity Bonds and the bonds authorized to be issued under the terms of this Ordinance secured by a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System.

“Parity Obligations” means all Parity Bonds, as well as any other obligations issued or incurred by the City that are determined and declared by the City Council of the City to be on a parity with the Parity Bonds, including obligations of the City issued or incurred under the terms of a Credit Agreement.

“Paying Agent Agreement” means the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar.

“Paying Agent/Registrar” shall have the same meaning given said term in Section 3.03(a) hereof.

“Person” means any natural person, firm, partnership, association, corporation, or public body.

“Previously Issued Parity Bonds” means, collectively, the following obligations: (i) City of Bryan, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, New Series 2001, (ii) City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2004, (iii) City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2005, (iv) City of Bryan, Texas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, New Series 2007, (v) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2009A, (vi) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2009B, (vii) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2010A, and (viii) City of Bryan, Texas Waterworks and Sewer Revenue Bonds, New Series 2011.

“Rating Agency” means Moody’s Investors Service and Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and their respective successors.

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

“Registration Books” means the bond registration books specified in Section 3.03(a) of this Ordinance.

“Required Reserve Amount” means an amount equal to the lesser of (a) 1.25 times the average Annual Debt Service Requirements of the Parity Bonds then Outstanding, or (b) 1.00 times the Annual Debt Service Requirements of the Parity Bonds to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed ten percent (10%) of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Parity Bonds.

“Reserve Fund” means the reserve fund defined in Section 8.03 of this Ordinance.

“Reserve Fund Obligations” means cash, Authorized Investments, and any Credit Facility (one or more), or any combination of any of the foregoing.

“Revenue Fund” means the revenue fund described in Section 8.01 of this Ordinance.

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

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

“SIFMA Index” means the “high grade” seven-day index (formerly known as “The Bond Market Association/PSA Municipal Swap Index” or “BMA Index”) made available by The Securities Industry and Financial Markets Association (formerly, The Bond Market Association of New York, New York), or any successor thereto, based upon 30-day yield evaluation at par of bonds, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes. In the event that neither The Securities Industry and Financial Markets Association nor any successor thereto makes available an index conforming to the requirements of the preceding sentence, the term “SIFMA Index” shall mean an index determined by the City based upon the rate for bonds rated in the highest short-term rating category by Moody’s and Standard & Poor’s, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes, in respect of issuers most closely resembling the “high grade” component issuers selected by “SIFMA Index”.

“Stated Maturity” when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Subordinated Debt” or “Subordinate Obligations” means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Bonds then outstanding or subsequently issued.

“Term of Issue” means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five (25) years.

“TWDB” shall mean Texas Water Development Board.

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

“Value of Investment Securities” and words of like import shall mean valuation at their market value, excluding accrued interest, in accordance with the City’s official investment policy approved from time to time by the City Council.

“Variable Rate Obligations” means Parity Obligations that bear interest at a rate per annum which is subject to adjustment so that the actual rate of interest is not ascertainable at the time such Parity Obligations are issued; provided, however, that upon the conversion of the rate of interest on a Variable Rate Obligation to a fixed rate of interest (whether or not the interest rate thereon is subject to conversion back to a variable rate of interest), such Parity Obligation shall not be treated as a “Variable Rate Obligation” for so long as such Parity Obligation bears interest at a fixed rate.

“Waterworks and Sewer System” means the waterworks and wastewater system components of the City, including all properties (real, personal or mixed and tangible or intangible) owned, operated, maintained, and vested in, the City for the supply, treatment and distribution of treated water for domestic, commercial, industrial and other uses and the collection and treatment of watered wastes, together with all future additions, extensions, replacements and improvements thereto; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Waterworks and Sewer System shall not include any waterworks or sewer facilities which are declared not to be a part of the Waterworks and Sewer System and which are acquired or constructed by the City with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the Net Revenues as defined herein, but which are secured by and payable solely from special contract revenues or payments received from any other legal entity in connection with such facilities, and thus constitute Non-Recourse Debt; and such revenues or payments shall not be considered as or constitute gross revenues of the Waterworks and Sewer System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such “Special Facilities Bonds”.

Section 1.02: Findings.

(a) The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

(b) The Bonds are payable from and secured by a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System.

(c) The following conditions precedent to the issuance of the Bonds have been satisfied, to-wit:

(i) The City is not in default as to any covenant, condition or obligation prescribed by the ordinances authorizing the issuance of any Previously Issued Parity Bonds or this Ordinance;

(ii) Each of the special Funds created for the payment and security of the Previously Issued Parity Bonds contains the amount of money then required to be on deposit therein;

(iii) The City has secured (or will secure prior to the delivery of the Bonds) from a Certified Public Accountant a certificate showing that the Net Earnings of the Waterworks and Sewer System for either the completed Fiscal Year next preceding the date of the Bonds or a consecutive twelve-month period out of the last fifteen months next preceding the date of the Bonds is equal to at least 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of all Parity Bonds which will be outstanding after the issuance of the Bonds; and

(iv) Each of the special Funds created for the payment and security of the Parity Bonds contains the amount of money then required to be on deposit therein.

Each of the Bonds authorized shall be deemed and construed to be a "Security", and as such a negotiable instrument, within the meaning of Article 8 of the Texas Uniform Commercial Code.

The provisions of this Ordinance shall constitute a contract between the City and the holder or holders from time to time of the Bonds and no change, variation or alteration of any kind of the provisions of this Ordinance may be made, unless as herein otherwise provided, until all of the Bonds shall have been paid as to both principal and interest.

Section 1.03: Table of Contents, Titles and Headings. The table of contents, titles and heading of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04: Interpretation. Unless the content requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance. The preamble to this Ordinance is hereby incorporated into the body of this Ordinance by reference.

(c) References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as described herein. The calculation of average Annual Debt Service Requirements as may be required by this Ordinance shall be made annually at the beginning of each Fiscal Year and shall be the sum of the Annual Debt Service Requirements due for the current and each subsequent Fiscal Year in which Parity Obligations are outstanding divided by the number of such Fiscal Years, or partial Fiscal Years, if applicable. References in this Ordinance to FORM OF BOND refer to the form attached to this Ordinance as Exhibit A.

ARTICLE II SECURITY FOR THE BONDS

Section 2.01: Security for the Bonds.

The Bonds are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Net Revenues.

Section 2.02: Limited Obligations.

(a) The Bonds are special obligations of the City, payable solely from the Net Revenues, and do not constitute a prohibited indebtedness of the City; and the Bonds shall never be paid out of funds raised or to be raised by taxation.

(b) The City has the lawful power to pledge the revenues supporting the Bonds (and has lawfully exercised said power under the Constitution and laws of the State of Texas), and the Bonds shall be ratably secured in such manner that no Bond shall have preference over any other Bond or Bonds.

(c) The Net Revenues shall not in any manner be pledged to the payment of any debt or obligation of the City or the Waterworks and Sewer System, other than Parity Obligations, except on a subordinate lien basis.

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01: Authorization.

The Bonds, to be designated the “City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 20__”, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, and the Charter of the City. The Bonds shall be issued in the aggregate principal amount of \$3,500,000 for the purpose of (i) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System and (ii) paying the costs of issuing the Bonds.

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

(a) The Bonds shall be dated the Dated Date. The Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof (an “Authorized Denomination”). The Bonds shall be numbered separately from R-1 upward.

(b) The Bonds shall mature on _____ in the years and in the principal amounts and shall bear interest at the rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>	<u>Year</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
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(c) Interest shall accrue and be paid each Bond respectively until its maturity or prior redemption, from the Issuance Date or the most recent interest payment date to which interest has been paid or provided for at the rates set forth above. Such interest shall be payable semiannually until maturity or prior redemption on each Interest Payment Date, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03: Registration of Bonds - Paying Agent/Registrar.

(a) The selection and appointment of _____, _____, Texas, or its assigns to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Registration Books") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as Exhibit B and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds.

(b) It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each bond to which payments with respect to the Bonds shall be mailed, as herein provided. The Paying Agent/Registrar shall provide to the City, by electronic means or otherwise, within fifteen (15) Business Days of the delivery of the Bonds to the TWDB, and thereafter no less often than once every three (3) months, a true and correct copy of the Registration Books, which copy shall be maintained at the City by the Designated Financial Officer. The Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any entity other than the City. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such bond for transfer of registration and cancellation to the Paying Agent/Registrar at its Designated Trust Office during normal business hours, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute bond or bonds shall be issued in exchange therefor in the manner herein provided.

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

(d) Each Bond may be exchanged for fully registered bonds in the manner set forth herein. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request

therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, at the request of the registered owner a substitute bond or bonds having the same maturity date, bearing interest at the same rate, in an Authorized Denomination, and in an aggregate principal amount equal to the unpaid or unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the bond for which it is being exchanged. Each substitute bond shall bear a letter and/or number to distinguish it from each other bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered bond delivered in exchange for or replacement of any bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. On each substitute bond issued in exchange for or replacement of any bond or bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"), in the form set forth in the FORM OF BOND. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such bond, manually sign and date the Authentication Certificate, and no such bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed and dated. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Bond or portion thereof; and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute bonds in the manner prescribed herein, pursuant to Chapter 1206, Texas Government Code. The duty of such exchange or replacement of bonds as described in the preceding sentence is hereby imposed upon the Paying Agent/Registrar, and upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bond after it is selected for redemption, in whole or in part when such redemption is scheduled to occur within thirty (30) calendar

days; provided, however, such limitation shall not be applicable to an exchange by the owner of the uncalled principal balance of a Bond.

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

(f) The City shall pay all of the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers, conversions and exchanges of the Bonds in accordance with an agreement between the City and the Paying Agent/Registrar, but the registered owner of any Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. In addition, the City hereby covenants with the registered owners of the Bonds that it will pay the reasonable standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due.

(g) The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar, to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified national or state banking institution, which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state Authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar, to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the City and to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying

Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three (3) years after the retirement of all outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar, nor any other Person shall be liable or responsible to any holders of such Bonds for thither payment of such Unclaimed Payments or on account of any such Bonds.

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01: Limitation on Redemption.

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

Section 4.02: Mandatory Redemption.

The Bonds shall not be subject to mandatory redemption prior to their scheduled maturity.

Section 4.03: Optional Redemption.

The City reserves the right and option to redeem Bonds maturing on and after _____, 20__, in inverse order of maturity, in whole or in part before their respective scheduled maturity dates, on _____, 20__, or on any date thereafter (such redemption date or dates to be fixed by the City), at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. The City, at least forty-five (45) days before the redemption date, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.04: Partial Redemption.

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

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall assign a

separate number for each of \$5,000 portion of Bonds and sell the portion or portions of the Bonds to be redeemed by lot or by any other customary method that results in a random selection.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge notwithstanding any provision herein to the contrary.

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

Section 4.05: Notice of Redemption to Bondholders.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first-class postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each bond (or portion thereof) to be redeemed, at the address shown in the Registration Books.

(b) The notice shall state among other things, the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and if less than all of the Bonds are to be redeemed, an identification of the Bonds or portions thereof to be redeemed and that the Bonds so called for redemption shall cease to bear interest after the redemption date.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondholder receives such notice.

(d) With respect to any optional redemption of the Bonds, unless all prerequisites to such redemption required by this Ordinance have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 4.06: Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount the Debt Service

Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Paying Agent/Registrar, on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.07: Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in the payment of the principal thereof or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

ARTICLE V
BOOK ENTRY SYSTEM

Section 5.01: Book-Entry-Only System.

Notwithstanding the provisions contained herein relating to the payment, redemption 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 DTC, in accordance with the requirements and procedures identified in the current DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representation, by and between the City and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the “Depository Agreement”).

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold the Bonds for DTC Participants. While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Registration Books 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 bond 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 Registration Books maintained by the Paying Agent/Registrar and payment of such bonds shall be made in accordance with the provisions of Section 3.03 hereof.

ARTICLE VI FORM OF BONDS

Section 6.01: Form Generally.

(a) The Bonds and Initial Bond, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Authentication Certificate, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association, referred to herein as “CUSIP numbers”) and such legends and endorsements (including any reproduction of opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

Section 6.02: Legal Opinion.

The approving legal opinion of Andrews Kurth LLP, Bond Counsel, may be printed on the back of each Bond over the certification of the City Secretary of the City, which may be executed in facsimile or an executed counterpart thereof shall accompany the definitive Bonds deposited with DTC.

Section 6.03: Bond Insurance.

A statement relating to municipal bond insurance, if applicable, provided by a Bond Insurer may be printed on or attached to each Bond.

ARTICLE VII
RATES AND CHARGES

Section 7.01: Rates and Charges.

The City shall, at all times while any of the Bonds are outstanding and unpaid, maintain rates and collect charges for the facilities and services afforded by the Waterworks and Sewer System, as required by Section 1502.057, Texas Government Code, which will provide revenues sufficient at all times to:

- (a) Pay for all maintenance, operation, debt service, depreciation, replacement and betterment charges of the Waterworks and Sewer System;
- (b) Establish and maintain the Debt Service Fund and the Reserve Fund as provided for in this Ordinance;
- (c) Produce Net Revenues each year in an amount reasonably estimated to be not less than 1.25 times the average Annual Debt Service Requirements of the Parity Bonds from time to time outstanding; and
- (d) Pay all other obligations reasonably anticipated to be payable from the revenues of the Waterworks and Sewer System as and when the same become due.

ARTICLE VIII
FUNDS AND ACCOUNTS AND ADDITIONAL DEPOSITS

Section 8.01: Waterworks and Sewer System Revenue Fund.

The City affirms that there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System Revenue Fund” (hereinafter called the “Revenue Fund”). All revenues of the Waterworks and Sewer System immediately shall be credited to the Revenue Fund upon receipt. The Revenue Fund shall be kept separate and apart from all other funds of the City, and, further shall be pledged and appropriated to the following uses and in the order of precedence shown:

- First: To the payment of all necessary and reasonable maintenance and operation expenses of the Waterworks and Sewer System, as said expenses are defined by law.
- Second: To the “Debt Service Fund” and the “Reserve Fund” for the payment of Parity Obligations, including specifically the payment of principal of and interest on the Parity Bonds, when and as the same fall due and mature.

Third: To pay Subordinated Debt.

Fourth: To any other purpose of the City now or hereafter permitted by law.

Section 8.02: Debt Service Fund.

The City affirms that, for the sole purpose of paying obligations incurred under Parity Obligations, including specifically the payment of the principal of and interest on the Parity Bonds, as the same come due, there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System New Series Revenue Bonds Debt Service Fund” (hereinafter called the “Debt Service Fund”). Monies in the Debt Service Fund are and shall be maintained at an official depository bank of the City.

Promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Debt Service Fund any accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used for the payment of the interest next coming due on the Bonds.

The City shall transfer from the Net Revenues credited to the account of the Revenue Fund and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

The City reserves the right to establish accounts within the Debt Service Fund for the payment of Parity Obligations that are not Parity Bonds, including specifically obligations incurred under a Credit Agreement that are declared to be a Parity Obligation in the ordinance authorizing the execution of such Credit Agreement.

Section 8.03: Reserve Fund.

The City affirms that there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System New Series Revenue Bonds Reserve Fund” (hereinafter called the “Reserve Fund”). The Reserve Fund shall be maintained for the benefit of the owners and holders of the Parity Obligations. There shall be credited to the Reserve Fund any Reserve Fund Obligations so designated by the City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Obligations as they become due or paying principal of and interest on the Parity

Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The Reserve Fund shall be maintained in an amount at least equal to the Required Reserve Amount. The City may, at its option, withdraw and use all surplus in the Reserve Fund over the Required Reserve Amount for any lawful purpose not inconsistent with the City's ownership and operation of the Waterworks and Sewer System; provided, that should such surplus constitute the proceeds of Parity Obligations, such surplus shall be deposited to the Debt Service Fund.

The City may satisfy its covenant to maintain the Reserve Fund in an amount equal to the Required Reserve Amount with a Credit Facility that will provide funds, together with other Reserve Fund Obligations, if any, credited to the Reserve Fund, at least equal to the Required Reserve Amount. The City may, upon passage of an ordinance by the City Council of the City, replace or substitute a Credit Facility for cash or Authorized Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash or Authorized Investments in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the Revenue Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer; and provided, further, that if such amount withdrawn was originally funded with the proceeds of Parity Obligations, such funds shall be used to pay for improvements to the Waterworks and Sewer System or be transferred to the Debt Service Fund.

If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Authorized Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

When and if the Reserve Fund contains less than the Required Reserve Amount due to the issuance of the Bonds or Additional Bonds, beginning on the last Business Day of the month following the delivery of the Bonds to the purchasers thereof, and continuing for sixty (60) months, the City shall transfer from the Net Revenues and deposit to the credit of the Reserve Fund an amount equal to 1/60th of the difference determined as of such delivery date between the amount in the Reserve Fund and the Required Reserve Amount. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance, satisfy the Required Reserve Amount by depositing Reserve Fund Obligations into the Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency, termination or expiration.

In the event of the redemption or defeasance of any of the Parity Obligations, any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to the escrow fund established for the retirement of such Parity Obligations or to the Revenue Fund for subsequent transfer to the Debt Service Fund, as a result of (i) the redemption of Parity Obligations or (ii)

funds for the payment of the Parity Obligations having been deposited in the manner described in this Ordinance, the result of such deposit being that such Parity Obligations no longer are deemed to be outstanding under the terms of this Ordinance.

In the event there is a draw upon a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues; however, such reimbursement from Net Revenues shall be subject to the provisions of Section 8.02 above and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Obligations.

Section 8.04: Construction Fund.

There is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the “City of Bryan, Texas, Waterworks and Sewer System New Series 20__ Revenue Bonds Construction Fund” (hereinafter called the “Construction Fund”). A portion of the proceeds from the sale of the Bonds, identified in the letter of instructions described in Section 19.03 hereof to be deposited to the credit of the Construction Fund, shall be deposited to the credit of the Construction Fund for use by the City for payment of all lawful costs associated with the construction, improvement, renovation, enlargement and equipping of the Waterworks and Sewer System, as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in the Construction Fund shall be transferred FIRST, to the extent the City is liable, to pay rebate amounts to the United States of America pursuant to the terms of the Code and NEXT to the Debt Service Fund. Amounts so deposited to the Debt Service Fund shall be used in the manner described in Section 8.02.

Section 8.05: Excess Revenues.

All revenues in excess of those required to establish and maintain the Debt Service Fund and the Reserve Fund as required may be used for any proper City purpose now or hereafter permitted by law including, without limitation, pledging any excess revenues in support of Subordinate Obligations.

Section 8.06: Security of Funds.

All Funds and Accounts shall be secured in the manner and to the fullest extent required by law for the security of public funds, including Chapter 2257, Texas Government Code, as amended, and the funds created by the Ordinance shall be used only for the purposes therein specified.

ARTICLE IX
INVESTMENT

Section 9.01: Investment of Certain Funds.

Moneys in any Fund or Account established pursuant to this Ordinance may, at the option of the City, be placed or invested in Authorized Investments. The value of any such Fund or

Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually as of the last Business Day of each Fiscal Year, and in any event the value of each such Fund and Account shall be established as of the last Business Day of the month preceding the date the City Council adopts an ordinance authorizing the issuance and delivery of Parity Obligations. Authorized investments credited to the Reserve Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than five (5) years after the date of the investment therein or the date of last maturity of Parity Obligations, whichever date is earlier. Authorized Investments credited to the Revenue Fund or the Debt Service Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than the date such moneys shall be needed to pay principal (including scheduled mandatory sinking fund redemption payments) and interest on Parity Obligations, or to pay operating and maintenance expenses of the Waterworks and Sewer System, as the case may be. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Revenue Fund.

ARTICLE X ADDITIONAL BONDS

Section 10.01: Issuance of Additional Bonds.

(a) In addition to the right to issue Subordinate Obligations as authorized by law, the City reserves the right to issue Additional Bonds, under and in accordance with the Ordinance for the purpose of improving, extending, equipping and repairing the Waterworks and Sewer System, paying or refunding Parity Obligations or Subordinate Obligations and for any other lawful purpose. The Additional Bonds shall be secured by and payable from a lien on and pledge of the Net Revenues. In the same manner and to the same extent as any then outstanding Parity Bonds, the Additional Bonds then proposed to be issued shall in all respects be on a parity and equal dignity as to lien and right. Additional Bonds may be issued under this Ordinance in one or more installments; provided, however, that none of the Additional Bonds shall be issued unless and until the following conditions have been met, to-wit:

(i) The City is not then in default as to any covenant, condition or obligation prescribed by any ordinance authorizing the issuance of the outstanding Parity Bonds;

(ii) Each of the special Funds created for the payment and security of the Parity Bonds contains the amount of money then required to be on deposit therein;

(iii) The City has secured from a Certified Public Accountant a certificate showing that the Net Earnings of the Waterworks and Sewer System for either the completed Fiscal Year next preceding the date of the Additional Bonds or a consecutive twelve-month period out of the last fifteen (15) months next preceding the date of the Additional Bonds is equal to at least 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of

all Parity Bonds which will be outstanding after the issuance of the proposed Additional Bonds. However, (A) should the certificate of the accountant certify that the Net Earnings of the Waterworks and Sewer System for the period covered thereby were less than required above, and (B) a change in the rates and charges for services afforded by the Waterworks and Sewer System became effective at least sixty (60) days prior to the last day of the period covered by the accountant's certificate, and (C) an independent engineer or engineering firm having a favorable reputation with respect to such matters will certify that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Earnings of the Waterworks and Sewer System covered by the accountant's certificate would have been, in the opinion of such engineer or engineering firm, at least equal to 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of the outstanding Parity Bonds after giving effect to the issuance of the Additional Bonds, then, in such event, the coverage specified in the first sentence of this paragraph (iii) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by an engineer's certificate to the above effect; and

(iv) The ordinance authorizing the Additional Bonds (A) requires that deposits shall be made into the Debt Service Fund in amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same become due; and (B) provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be an amount equal to the Required Reserve Amount for all outstanding Parity Bonds theretofore issued and to be outstanding after the issuance of said Additional Bonds and any additional amount shall be so accumulated in not more than sixty (60) months from the date of the Additional Bonds.

(b) Wherever, in this Ordinance, the City reserves the right to issue Additional Bonds, such term shall also include, mean and refer to any other forms or types of obligations which may be made lawfully payable from and secured by the same source of revenues of the City.

(c) If Additional Bonds are being issued for the purpose of refunding less than all outstanding Parity Bonds, the certification described in subsection (a)(iii) of this Section is not required so long as the Designated Financial Officer provides a certificate showing that the aggregate debt service requirements of such refunding Parity Bonds will not exceed the aggregate debt service requirements of the Parity Bonds being refunded.

Section 10.02: Credit Agreements.

Payments to be made under a Credit Agreement may be treated as Parity Obligations if the governing body of the City makes a finding in the ordinance authorizing the execution and delivery of such Credit Agreement that the obligations of the City incurred under a Credit Agreement shall be treated as a Parity Obligation that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the Waterworks and Sewer System, including sufficient

Net Revenues to satisfy the Annual Debt Service Requirements of the Waterworks and Sewer System and the financial obligations of the City relating to the Waterworks and Sewer System after giving effect to the treatment of the Credit Agreement as a Parity Obligation.

Section 10.03: Separately Financed Projects.

The City expressly retains the right to issue or incur bonds, notes, or other obligations or evidences of indebtedness, other than Parity Obligations, for any project or purpose for goods or services other than the generation, transmission, distribution and sale of electric energy and capacity or related goods and services, which presently are or hereafter may be authorized or permitted to be provided or maintained by waterworks and sewer systems generally or the City specifically under the laws of the State of Texas, federal law or the City's home rule charter; provided the bonds, notes or other obligations issued or incurred for any such separately financed project are payable from and secured by other available funds derived from the ownership or operation thereof or excess Net Revenues remaining after satisfying, or making provision for the satisfaction of, the priority of claims identified on such Net Revenues in Section 8.01 hereof and separate books and records for such separately financed project or activity are maintained by the City.

ARTICLE XI
SECURITY INTEREST IN NET REVENUES

Section 11.01: Chapter 1208, Government Code, Applies to Bonds.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the City under Section 2.01 hereof, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

ARTICLE XII
INSURANCE

Section 12.01: Maintenance and Operation; Insurance.

The City shall maintain the Waterworks and Sewer System in good condition and operate the same in an efficient manner and at reasonable cost. So long as any Parity Bonds are outstanding, the City agrees to maintain insurance for the benefit of the holder or holders thereof on the Waterworks and Sewer System of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in the Ordinance shall be construed as requiring the City to expend any funds derived from sources other than the operation of the Waterworks and Sewer System, but nothing therein shall be construed as preventing the City from doing so. In lieu of obtaining policies for insurance as provided above,

the City may self-insure against risks, accidents, claims or casualties of the nature described above.

ARTICLE XIII SYSTEM RECORDS

Section 13.01: Records; Accounts; Accounting Reports.

The City covenants and agrees that so long as any Parity Bonds or any interest thereon remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of its Waterworks and Sewer System separate and apart from all other records and accounts; complete and correct entries shall be made of all transactions relating to the Waterworks and Sewer System, as provided by Section 1502.056, Texas Government Code, and that the holder or holders of any Parity Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto, and to inspect the Waterworks and Sewer System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountants, shall particularly include the following:

- (a) A detailed statement of the income and expenditures of the Waterworks and Sewer System for such Fiscal Year.
- (b) A balance sheet as of the end of such Fiscal Year.
- (c) The Accountant's comments regarding the manner in which the City has carried out the requirements of the Ordinance and his recommendations for any changes or improvements in the operation, records and accounts of the Waterworks and Sewer System.
- (d) A list of the insurance policies in force at the end of the Fiscal Year on the Waterworks and Sewer System properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

Expenses incurred in making the audits referred to hereinabove are to be regarded as maintenance and operation expenses and paid as such. Copies of the aforesaid annual audit shall be immediately furnished, upon request, to the original purchaser or any subsequent owner of the Parity Bonds.

ARTICLE XIV DEFAULT AND REMEDIES

Section 14.01: Remedy in Event of Default.

In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Debt Service Fund or the Reserve Fund as required by this Ordinance, or (b) defaults

in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the holder or holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14.02: Remedies Not Exclusive.

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

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

ARTICLE XV
COMPETITION; SALE OF WATERWORKS AND SEWER SYSTEM

Section 15.01: Competition; Sale of Waterworks and Sewer System.

So far as it legally may, the City covenants and agrees, for the protection and security of the Parity Bonds and the holders thereof from time to time, that it will not grant a franchise for the operation of any competing system in the City until all Parity Bonds shall have been retired. Neither the Waterworks and Sewer System, nor a substantial part thereof, shall be sold while the Parity Bonds are outstanding, but nothing in the Ordinance shall prevent the sale or disposal of properties constituting a part of the Waterworks and Sewer System which are no longer useful in connection with the operation thereof.

ARTICLE XVI
COVENANTS TO MAINTAIN TAX EXEMPT STATUS

Section 16.01: Definitions.

When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.1481(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.1481(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(e) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.1481(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

Section 16.02: 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 receives 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.

Section 16.03: 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:

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

United States or any agency, department and, instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(b) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds, or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds Bonds, 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.

Section 16.04: 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.

Section 16.05: 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 in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

Section 16.06: 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.

Section 16.07: Information Report.

The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038G or such other form and in such place as the Secretary may prescribe.

Section 16.08: Rebate of Arbitrage Profits.

Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(a) The City shall account for all Gross Proceeds (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 retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(b) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(c) As additional consideration for the purchase of the Bonds by the purchasers thereof referenced in this Ordinance, and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure 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 out of the Debt Service Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(1) of the Code and the Regulations and rulings thereunder.

(d) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it interest thereon, and any penalty imposed under Section 1.1483(h) of the Regulations.

Section 16.09: Not to Divert Arbitrage Profits.

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 earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Section 16.08 hereof because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

Section 16.10: Elections.

The City hereby directs and authorizes the Mayor, City Manager or Chief Financial Officer, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 16.11: Bonds Not Hedge Bonds.

The City reasonably expects that it will spend at least 85% of the spendable proceeds of the Bonds within three (3) years after the Bonds are issued and that not more than 50% of the proceeds of the Bonds will be invested in Non-Purpose Investments having a substantially guaranteed Yield for a period of four (4) years or more.

ARTICLE XVII
DISCHARGE

Section 17.01: Defeasance of Bonds.

(a) The City may defease the provisions of this Ordinance and discharge its obligations to pay the principal of and interest on any or all of the Bonds (a "Defeased Bond") in any manner now or hereafter permitted by law, including by depositing with the Paying Agent/Registrar, a trust company or commercial bank other than the Paying Agent/Registrar, or with the Comptroller of Public Accounts of the State of Texas either:

(i) cash in an amount equal to the principal amount of such Bonds and premium, if any, and interest thereon to the date of maturity or redemption; or

(ii) pursuant to an escrow or trust agreement, cash and/or Defeasance Securities, which (in the case of Defeasance Securities) may be in book-entry form, and the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of and interest thereon to the date of maturity or earlier redemption;

provided, however, that if any of the Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in this Ordinance.

Upon such deposit, such Bonds shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the City or deposited as directed in writing by the City.

(b) Any agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a) above. All income from such Defeasance Securities which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

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

ARTICLE XVIII AMENDMENT OF ORDINANCE

Section 18.01: Amendment of Ordinance.

(a) That the holders of the Parity Bonds aggregating a majority in principal amount of then outstanding Parity Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of all of the Parity Bonds at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Bonds so as to:

- (i) Make any change in the maturity of the outstanding Parity Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Parity Bonds;
- (iii) Reduce the amount of the principal payable on the outstanding Parity Bonds;
- (iv) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds or impose any conditions with respect to such payment;

(v) Affect the rights of the holders of less than all of the Parity Bonds then outstanding; or

(vi) Change the minimum percentage of the principal amount of Parity Bonds necessary for consent to such amendment.

(b) That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two (2) successive calendar weeks; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Parity Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds.

(c) That whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of all Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass the amendatory ordinance in substantially the same form.

(d) That upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and all the holders of then outstanding Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) That any consent given by the holder of a Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Parity Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar therefor and the City, but such revocation shall not be effective if the holders of a majority in aggregate principal amount of the then outstanding Parity Bonds as in this Section defined have, prior to the attempted revocation, consented to and approve the amendment.

(f) For the purposes of this Section, the ownership and other matters relating to all Parity Bonds registered as to ownership shall be determined from the registration

books kept by the registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar. For purposes of this Section, the notional amount attributable to a Credit Agreement that is treated as a Parity Obligation shall be deemed to be the principal amount thereof.

(g) The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(i) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(ii) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in Section 20.03 hereof, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Parity Bonds;

(iii) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all previously issued Parity Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Additional Bonds issued after the date of the adoption of such modification;

(iv) To make such amendments to this Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(v) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Parity Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Obligations.

Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

Section 18.02: Bond Insurer Deemed to be the Owner of Parity Bonds.

Notwithstanding anything in this Ordinance to the contrary, if a Bond Insurer has issued a municipal bond insurance policy in respect to any series of Parity Bonds, such Bond Insurer shall be deemed to be the holder of 100% of the Parity Bonds for which such Bond Insurer has issued and currently maintains a municipal bond insurance policy, and shall be entitled to approve on behalf of such holders of the Parity Bonds any and all amendments to this Ordinance for which less than 100% bondholder consent is required.

ARTICLE XIX
SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 19.01: Sale of Bonds.

The sale of the Bonds to the Texas Water Development Board (the "TWDB") at a price of the par value thereof, is hereby approved. It is hereby officially found, determined and declared that the above price and terms of sale of the Bonds are the most advantageous reasonable obtainable by the City.

The Bonds herein authorized shall be initially issued (i) as a single fully registered bond in the total principal amount of this series with principal installments to become due and payable as provided in Section 3.02 hereof and numbered T-1, or (ii) as one bond for each year of maturity in the applicable principal amount and denomination as referenced in Section 3.02 hereof 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 TWDB. Anytime at the delivery of the Bonds, the TWDB shall have the right to exchange such bonds as provided in Section 3.03 hereof without cost.

Section 19.02: Control and Delivery of Bonds.

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

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the TWDB under and subject to the general supervision and

direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

(c) The Mayor, Mayor Pro Tem, the City Manager, the Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such agreements, certificates, and instruments, whether herein mentioned, as may be necessary or desirable to carry out the terms and provisions of this Ordinance, the Bonds, the sale and delivery of the Bonds, the DTC Blanket Letter of Representations and the Official Statement.

Section 19.03: Deposit of Proceeds.

The proceeds from the sale of the Bonds shall be deposited to the Construction Fund established pursuant to Section 8.04 of this Ordinance and used only for the purposes set forth in Section 3.01 of this Ordinance and to pay all expenses arising in connection with the issuance of the Bonds. Any proceeds of the Bonds, together with earnings from the investment thereof, remaining after making all such deposits and payments shall be deposited into the Debt Service Fund and, to the extent applicable, applied to pay or redeem Bonds as provided in Section 21.01(d) of this Ordinance.

Notwithstanding the above and foregoing, immediately following the delivery of the Bonds and prior to the deposit of the proceeds from the sale of such Bonds in the Construction Fund established at an official depository of the City pursuant to Section 8.04 hereof, such proceeds shall be held in trust and in escrow pursuant to the written escrow agreement described below pending written authorization to release said proceeds.

A “Special Escrow Deposit Agreement” by and between the City and _____, _____, Texas, attached hereto as Exhibit D and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Mayor and the City Secretary of the City are hereby authorized and directed to execute such Agreement in substantially the same form and content herein approved.

ARTICLE XX
CONTINUING DISCLOSURE UNDERTAKING

Section 20.01: Annual Reports.

The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2016, financial information and operating data with respect to the City of the general type described in Exhibit C hereto, and financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in

substantially the form included in the official statement, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB's Internet Web Site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

Section 20.02: Material Event Notices.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 20.01 of this Ordinance by the time required by such Section.

Section 20.03: Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

Section 20.04: Limitations, Disclaimers and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by Section 20.02 of any Bond calls and defeasance that cause the City to be no longer such an “obligated person”.

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

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

No default by the City in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities law.

The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change, legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the

primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the City so amends the provisions of this Article it shall include with any amended financial information or operating data next provided in accordance with Section 20.01 an explanation in narrative form of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

ARTICLE XXI
MISCELLANEOUS

Section 21.01: Compliance with the Texas Water Development Board’s Rules and Regulations.

The City will comply with all of the requirements contained in the resolution or resolutions adopted by the TWDB with respect to the issuance of the Bonds. In addition, in compliance with the TWDB’s Clean Water State Revolving Fund Loan Program Rules, the City agrees and covenants:

[TO COME]

Section 21.02: Severability.

If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid, null, void, of no force and effect, then such provisions shall be construed as severable from the remainder of this Ordinance and shall not affect the validity of all other provision of this Ordinance which shall remain in full force and effect.

Section 21.03: Effectiveness.

That in accordance with the provisions of Section 1201.028, Texas Government Code, as amended, this Ordinance shall be effective immediately upon its adoption by the City Council.

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PASSED, APPROVED AND EFFECTIVE this the ____ day of _____, 20__.

Mayor, City of Bryan, Texas

City Secretary, City of Bryan, Texas

(Seal)

EXHIBIT A
FORM OF BOND

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZOS
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BOND
NEW SERIES 20__

<u>DATED</u> <u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>ISSUANCE</u> <u>DATE</u>	<u>CUSIP No.</u>
____, 20__	____%	____, 20__	____, 20__	_____

The City of Bryan (the "City"), in the County of Brazos, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _____ and _____ of each year, commencing _____, 20__.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office in _____, Texas (the "Designated Trust Office") of _____, which is the "Paying Agent/Registrar" executing the registration certificate appearing hereon. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of

business on the “Record Date”, which shall be the fifteenth day of the month next preceding such interest payment date.

So long as the Texas Water Development Board is the Holder of the Bonds, payments of principal and interest shall be made by wire transfer at no cost to the Texas Water Development Board.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day, which is not Saturday, Sunday, legal holiday or day on which banking institutions are required authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$3,500,000 (herein referred to as the “Bonds”), issued pursuant to the authority provided by the Constitution and the laws of the State of Texas, and a certain ordinance of the City (the “Ordinance”). Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Ordinance. The Bonds are being issued for the purpose of (i) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System and (ii) paying the costs of issuing the Bonds.

The City has reserved the right, subject to the restrictions stated in the Ordinance, to issue Additional Bonds that may be secured in the same manner and on a parity with the Bonds.

The City has reserved the option to redeem the Bonds maturing on and after _____, 20__ , before their respective scheduled maturities in inverse order of maturity, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, 20__ or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the principal amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds or portions thereof, within such maturity and in such principal amounts, for redemption. A portion of a single bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall assign a separate number for each \$5,000 portion of the Bonds and select the portion or portions of the Bonds to be redeemed by lot or by any other customary method that results in a random selection; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

Notice of such redemption or redemption shall be given by United States mail, first-class postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the

Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portion thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

With respect to any optional redemption of the Bonds, unless all prerequisites to such redemption have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all such prerequisites on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect.

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

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

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of the owner of this Bond any Bond called for redemption, in whole or in part, within 30 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether this Bond be overdue, and neither the City nor the Paying Agent/Registrar, nor any such agent shall be, affected by notice to the contrary.

The holder hereof shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation.

IT IS HEREBY CERTIFIED AND RECITED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest or, and principal of this Bond and the series of which it is a part are secured by and payable from a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System. The Bonds constitute special

obligations of the City payable solely from the sources and in the manner set forth herein in the Ordinance and not from any other revenues, funds or assets of the City.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

Mayor, City of Bryan, Texas

City Secretary, City of Bryan, Texas

(Seal)

FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE:

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the Bond(s) submitted to the Attorney General of Texas for approval has been fully executed.

COMPTROLLER'S REGISTRATION CERTIFICATE:

OFFICE OF COMPTROLLER §
STATE OF TEXAS § REGISTER NO. _____
 §

I hereby certify this bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas and further that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

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

Comptroller of Public Accounts
of the State of Texas

[SEAL]

FORM OF CERTIFICATE OF PAYING AGENT/REGISTRAR:

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

_____, as
Paying Agent/Registrar

By: _____
Authorized Signatory

Dated: _____

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: _____

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

FORM OF HEADING AND FIRST PARAGRAPH OF SINGLE INITIAL BOND

REGISTERED
No. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZOS
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BOND
NEW SERIES 20__

DATED DATE: _____, 20__

ISSUANCE DATE: _____, 20__

The City of Bryan (the "City"), in the County of Brazos, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, the sum of

_____ MILLION _____ HUNDRED _____ THOUSAND DOLLARS

on _____ in each of the years and in principal amounts and bearing interest at the per annum rates in accordance with the following schedule

Year	of	Principal	Interest
<u>Maturity</u>	<u>_____</u>	<u>Amount</u>	<u>Rate</u>

(Information to be inserted from schedule in Section 3.02 hereof).

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _____ and _____ of each year, commencing _____, 20__.

EXHIBIT B

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of _____, 20__ (this "Agreement"), by and between the City of Bryan, Texas (the "Issuer"), and _____, a national 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 execution and delivery of its "City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 20__" (the "Securities"), dated _____, 20__, such Securities to be delivered to the initial purchasers on or about _____, 20__; 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 the 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 offices of the Bank located in Austin, Texas at the address appearing in Section 3.01 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, Mayor Pro Tem, City Manager, Chief Financial Officer, or City Secretary, 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 Security 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 following address:

By Registered or Certified Mail

By Hand or Overnight Mail

In Person

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. The Bank represents and warrants its office in Austin, Texas will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register at its Dallas office for use by the Issuer. 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. Bonds. 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 Bonds. The Bank will, at such reasonable intervals as it determines destroy Securities in lieu of Which or in exchange for which other Securities have been issued, or which have been paid, and furnish to the Issuer evidence of such destruction.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions 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 responsibility 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 collateralized 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 trust account shall be made by check drawn on such trust 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 three 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 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 in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. DTC 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", 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 9.

Section 6.04. Effect of Heading. 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.

WELLS FARGO BANK, N.A.

By: _____
Title: _____

Attest:

Address: _____

Title:

CITY OF BRYAN, TEXAS

By: _____
Mayor

Address: 300 South Texas Avenue
Bryan, Texas 77803

Attest:

City Secretary

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred in Article 20 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified below:

- (1) The annual audited financial statements of the City.
- (2) The information included under Tables 1 through 10 of the Official Statement for the City's Waterworks and Sewer System Revenue Bonds, New Series 2010A (the "Official Statement").

Accounting Principles

The accounting principles referred to in such Article are generally those described in the audited financial statements attached as Appendix B to the Official Statement, as such principles may be changed from time to time to comply with state law or regulation.

EXHIBIT D

FORM OF SPECIAL ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 20__, made by and between the City of Bryan, Texas, a political subdivision of the State of Texas in Brazos County, Texas, (the “City”), acting by and through the Mayor and City Secretary of the City and _____ (the “Bank”), as Escrow Agent (the “Escrow Agent”) together with any successor in such capacity;

W I T N E S S E T H :

WHEREAS, pursuant to an ordinance finally adopted on _____, 20__, the City Council of the City authorized the issuance of \$3,500,000 City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 20__, dated _____, 20__ (the “Bonds”) for the purpose of constructing, improving, repairing, renovating, enlarging, extending and equipping the City’s water and wastewater system (the “Project”);

WHEREAS, such ordinance also confirmed the sale of the Bonds to the Texas Water Development Board (the “TWDB”); and

WHEREAS, the Escrow Agent is a national bank located in the State of Texas, an insured depository institution with the Federal Deposit Insurance Corporation (“FDIC”), and is otherwise qualified and empowered to enter into this Escrow Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the purchase of the Bonds by the TWDB is the deposit of the proceeds of sale (less amounts to pay costs of issuance) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or an authorized representative; provided, however, the funds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the City to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Bonds, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: Escrow Account. Upon the delivery of the Bonds described above, proceeds of sale (less amounts to pay costs of issuance) shall be deposited to the credit of a special escrow account maintained at the Bank on behalf of the City and the TWDB and shall not be commingled with other accounts or funds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as the Escrow Agent under the terms of this Agreement.

These escrowed funds shall be kept in a separate account entitled “City of Bryan State Water Implementation Fund for Texas Program Loan Escrow Fund” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs

of the project for which the Bonds were issued (the “Project Costs”) in accordance with the ordinance authorizing the issuance of the Bonds (the “Ordinance”) and solely upon written authorization from the Executive Administrator, or his authorized representative. The Bank shall distribute to the City and to the Executive Administrator’s staff of the TWDB the escrow account bank statements or trust account statements on a monthly basis.

SECTION 2: Collateral. All cash deposited to the credit of such escrow account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

SECTION 3: Investments. While funds are held in escrow, the Bank shall only invest escrowed funds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. It is the City’s responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

SECTION 4: Disbursements. The Bank shall not honor any disbursement from the escrow account, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or an authorized TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring funds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

SECTION 5: Unexpended Funds. Any sums remaining unexpended in the escrow account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance.

SECTION 6: Certifications. The Bank shall be authorized to accept and rely upon the certifications and documents furnished to the Bank by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: Liability of Escrow Agent. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

SECTION 8: Records. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund, and investments of the Escrow Fund and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the City and the TWDB.

SECTION 9: Merger/Consolidation. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

SECTION 10: Amendments. This Agreement may be amended from time to time as necessary with the consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Bank without its consent.

SECTION 11: Termination. In the event that this escrow agreement is terminated by either the City or by the Bank, the Escrow Agent must report said termination in writing to the TWDB within five (5) business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller of Public Accounts as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this escrow agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five (5) business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent.

SECTION 12: Expiration. This Escrow Agreement shall expire upon final transfer of the funds in the Escrow Account to the City.

SECTION 13: Point of Contact. The points of contact for the Escrow Agent and the Board are as follows:

Attention: _____

Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711

City Manager
City of Bryan, Texas
300 South Texas Avenue
Bryan, Texas 77803

SECTION 14: Choice of Law. This agreement shall be governed exclusively by the applicable laws of the State of Texas. Should a controversy arise, either party hereto may introduce the dispute into the Travis County District Court for adjudication thereof.

SECTION 15: Assignability. This agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supercedes any other agreements, whether oral or written, between the parties regarding the Funds or this escrow account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

SECTION 17: If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

[Execution Page Follows]

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

CITY OF BRYAN, TEXAS

Mayor, City of Bryan, Texas

ATTEST

City Secretary

(CITY SEAL)

Approved as to form:

City Attorney

Approved as to content:

Chief Financial Officer, City of Bryan, Texas

By: _____

Title: _____

(SEAL)

EXHIBIT A

Legend

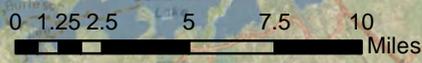
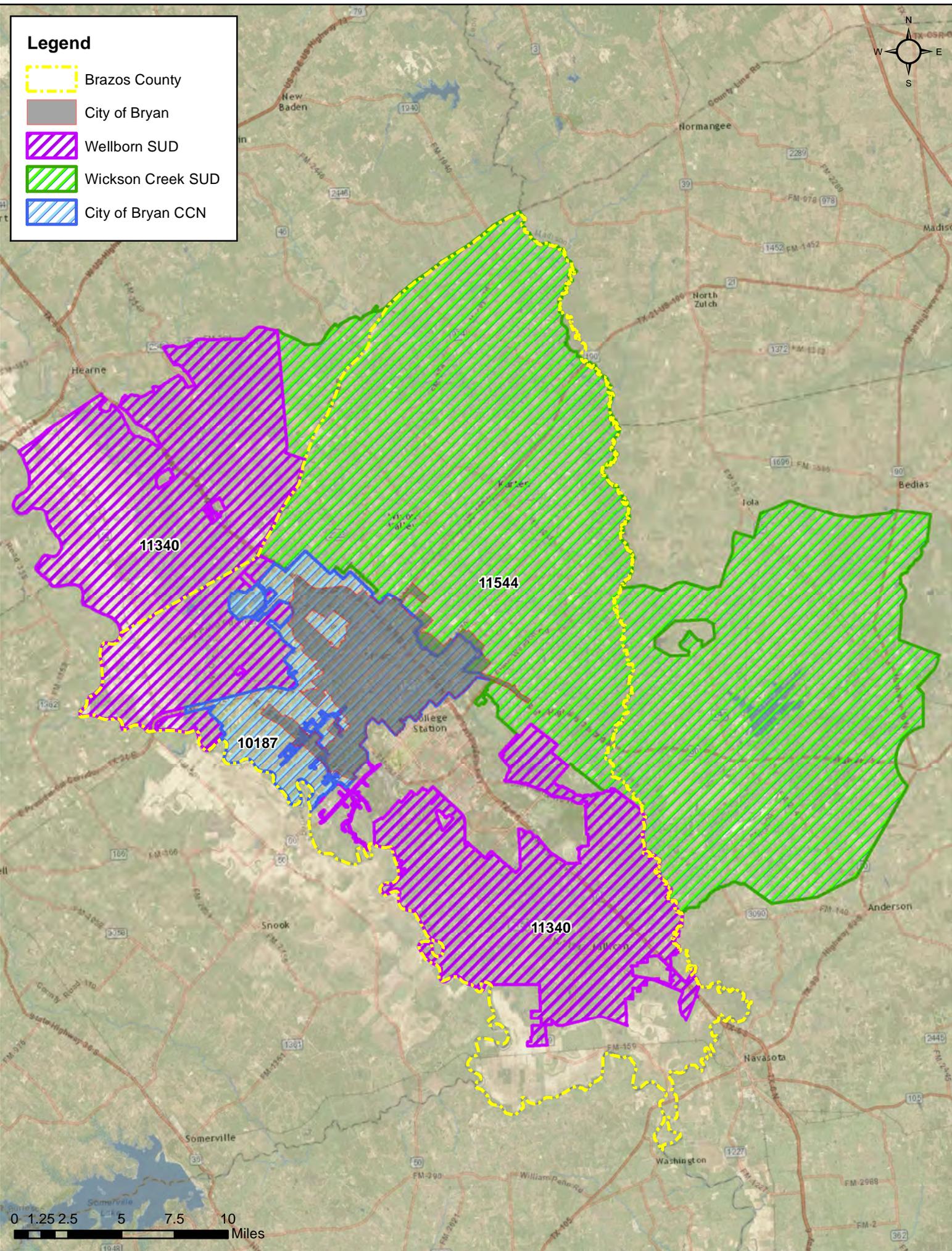
 Brazos County

 City of Bryan

 Wellborn SUD

 Wickson Creek SUD

 City of Bryan CCN





CITY OF BRYAN
The Good Life, Texas Style.™

Water Conservation Plan

May 2014

Public Water Supply Identification Number: 0210001
Brazos County

Jayson Barfknecht, Ph.D., P.E., Director of Public Works
Charles Rhodes, Production & Field Operations Manager

P.O. Box 1000
1111 Waco Street
Bryan, TX 77805
979.209.5900
<http://www.bryantx.gov>

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SECTION 1 DECLARATION OF POLICY, PURPOSE, AND INTENT

The purpose of the Water Conservation Plan (the Plan) is to: promote the wise and responsible use of water by implementing structural programs that generate quantifiable water conservation results; develop, maintain, and enforce water conservation policies and ordinances; and support public education programs that educate customers about water and wastewater facilities operations, water quantity and quality, water conservation, and non-point source protection.

SECTION 2 UTILITY PROFILE

A completed Texas Water Development Board (TWDB) "Utility Profile & Water Conservation Plan Requirements for Municipal Water Use by Public Water Suppliers" form is located in Appendix A.

Population and customer data

The City's Water/Wastewater Utility currently services an area of 44.51 square miles (expandable to 72.83 square miles based on current CCN area) and an estimated population of approximately 80,877 residents. The City provides drinking water to its customers through a network of 474 miles of distribution and transmission mains that provide service to more than 23,800 water connections.

The United States Census Bureau shows the 2010 population for Bryan as 76,201, which is a 16.05% increase in population since 2000. Population projections for Bryan, designated in the draft 2016 Brazos Region G Regional Water Plan, forecast the City's population will reach 84,350 by 2020 and 93,544 by 2030. Without conservation measures in place, the City's water consumption peak day demand is estimated to be 29.4 MGD by 2020 and 32.7 MGD by 2030. Based on our current CCN allocations, Bryan, in conjunction with CDM Smith, anticipates our service population to exceed the projections provided by the Region G Group. We forecast the service population will reach 88,434 by 2020 and 102,632 by 2030. Without conservation measures in place, the City's water consumption peak day demand is projected to be 30.8 MGD by 2020 and 35.9 MGD by 2030.

The City of College Station and other local Water Supply Corporations have agreements with Bryan to purchase, or sell, potable water through metered lines. These connections are typically only used in periods of high demand or during emergency situations.

A regional study of water resources in the Brazos and Robertson County areas concluded that a sufficient supply of water, for all entities drawing from the aquifer, will be obtainable through the year 2050 and beyond. Even though the conclusions of this study forecast no shortages in the near future, City staff believes that it is in the City's best interest to implement a conservation plan to protect the City's long-term water supply.

Water use data

Table 1 below summarizes key water use statistics for 2009 – 2013. Average per person usage is given in gallons per capita per day (GPCD). Average and peak daily water demand is given in million gallons per day (MGD). The peak day to average day ratio varies between 1.79 and 2.06, meaning that peak day demand is typically close to twice the average demand.

The peak demand for the City is 24.7 MGD, reached on September 25, 2005. During high demand periods when large volumes of water are being pumped from the aquifer, the production capacity of the wells is reduced due to declining water levels of the aquifer and higher discharge heads at the surface. The City's water production and pumping system capacity is currently 37.7 MGD.

Table 1: Municipal Water Demand 2009 – 2013

Year	2009	2010	2011	2012	2013
Peak GPCD	296	274	318	274	292
Annual Average GPCD	150	145	178	144	142

Peak Day (MGD)	22.2	20.9	24.6	21.5	23.3
Average Day (MGD)	11.3	11.0	13.8	11.3	11.3
Peaking Factor	1.97	1.90	1.79	1.90	2.06

Water Production and Delivery System

The City of Bryan has utilized groundwater for its public water supply from its initial development. Ten groundwater wells owned by the City withdraw water from the Simsboro Sand formation of the Carrizo-Wilcox Aquifer with two additional wells drawing water from the Sparta Aquifer. The City's well-field is located northwest of Bryan in the general vicinity bounded by FM 2818, Mumford Road, Old San Antonio Road and State Highway 6. From the wells, the water is pumped to cooling towers, located at 5429 North Texas Avenue, which reduce the raw water temperature from 118° F down to approximately 88° F. After passing through the towers, the water gravity feeds to ground storage reservoirs and the Low Service Pump Station where it is treated to meet Safe Drinking Water Act standards. The water is then pumped through three water transmission lines to the Tabor Street Pump Station in Bryan. The City's water distribution system includes two ground storage reservoirs and three elevated storage tanks, providing a total storage capacity of 14 million gallons for treated water.

Wastewater Collection and Treatment System

Wastewater in Bryan travels through a network of over 400 miles of wastewater collection lines to one of three wastewater treatment plants: Burton Creek, Still Creek and Thompsons Creek Wastewater Treatment Plants. The three wastewater treatment plants, along with 24 lift stations, serve a population of over 80,000 people, with an average daily discharge ranging from 6.4 to 7.8 MGD and a maximum daily wastewater treatment capacity of 14.0 MGD.

SECTION 3 CONSERVATION GOALS

The purpose of this water conservation plan is to reduce long term demand on the water use through changing the way Bryan residents utilize their water resource. Its primary goal is to effectively reduce waste and influence conservation habits of the residents of Bryan. A reduction of the peak demand will enable the City to defer new capital expenditures for production facilities required to contend with escalating daily demand peaks.

Goal 1: Reduce peak daily water demand

Goal 2: Reduce peaking factor

TCEQ rules require the City build capacity to meet escalating peak daily demands, which, as discussed in Section 1, can be more than twice the average demand. Thus, reducing those peak demands will enable the City to defer new capital expenditures for production facilities, and better utilize available water resources.

The City aims to reduce peak demand through two methods: programs targeted at reducing peak per capita demand, and programs aimed at reducing the peaking factor. Table 2 outlines projected targets for reducing per capita demand and peaking factor. The Texas Water Conservation Advisory Council and Texas Water Development Board recommend that municipalities set goals of reducing per capita consumption by 1% per year. The goals proposed in this plan are structured so that consumption is reduced by 1% each year, meeting the ultimate goal within ten years.

Table 2: Municipal per capita water use goals

Year	2018	2023
Peak GPCD	283	268
Annual Average GPCD	140	133
Peaking Factor	2.02	2.02

Goal 3: Maintain unaccounted-for water at or below 10%

Table 3: Water Accountability

Year	2018	2023
Demand (MG)	4,394	4,485
Unaccounted for Water (MG)	352	359
Unaccounted for Water (%)	8%	8%

In any system, water loss can be attributed to leaks, line breaks, flushing, meter inaccuracies, theft, or unmetered connections. The City monitors water production and water billing on a monthly basis and tracks system water loss on a percentage basis. The City has consistently maintained an average water accountability rating of 10% or less, meaning that water billed is greater than or equal to 90% of water produced. At a minimum, the City will continue to meet this target, and investigate ways to improve water accountability at or above 90%.

Time frame for achieving conservation goals

The three goals outlined above are designed to be achieved within 10 years of the date of adoption of this Plan. The City will periodically evaluate the plan in accordance with State and Federal regulations to determine the extent, if any, that the plan needs modification.

SECTION 4 STRATEGIES TO ACHIEVE CONSERVATION GOALS

WATER RATE STRUCTURE

The City's water rate structure utilizes the cost-of-service method, which is based on costs incurred for services provided by the Water Services Department. The current rate structure charges monthly service fees based on customer class and meter size, plus a uniform water usage rate per thousand (1,000) gallons (City Rate Resolution No. 3481).

The City is evaluating an inclining water rate structure to encourage customers to reduce both peak and overall water usage, while fairly allocating cost of service to each customer class. Under an inclining rate structure, the rate per thousand gallons increases as the amount of water used increases. The water rate structure will be reviewed on a regular basis to ensure that the rates adequately recover the cost of service and meet the goals of this water conservation plan.

WASTEWATER REUSE

The City has received authorization from the TCEQ to reuse its treated wastewater effluent from Thompsons Creek Wastewater Treatment Plant (Permit No.WQ0010426-004) as Type II reclaimed water. The reused water is to be used for golf course irrigation and landscape irrigation. The water user is the Traditions Club located in southwest Bryan. The goal for the City's water reuse program is to reduce peak demand on the potable water system by switching non-potable uses of water, such as irrigation, to reuse water. Traditions demand for water fluctuates with the season; however, during periods of peak demand, up to 575,000 gallons/day of reclaimed water are used for irrigation by Traditions Club.

Within the three wastewater treatment facilities, non-potable water is also used for ancillary purposes such as plant wash down and chlorination/de-chlorination of effluent. Based on design capacity, an estimated 578,160,000 gallons of water are available annually to satisfy these purposes. Actual use of this water has been historically estimated at 410,480,000 gallons/year or 71% utilization. Water reused for internal plant processes reduces demand on the potable water system.

WATER LOSS CONTROL MEASURES

The goal of the City's water loss control program is to maintain unaccounted-for water (unbilled authorized and unbilled unauthorized usage) at or below 10% of water produced, on a monthly basis.

In order to meet this goal, the City has several programs in place, including routine water audits, a program of leak detection and repair, and meter testing and accuracy.

Routine Audits of Water System

The Water Services Department generates a monthly water loss report that compares metered production with metered consumption, as well as accounted-for and unaccounted-for water losses. This report provides an effective tracking system of water loss. The City will also complete a detailed water system audit following Texas Water Development Board (TWDB) guidelines at least once each year. TWDB rules only require this audit to be submitted once every five years. The water system audit determines the volume of actual water loss, the identification of water loss sources, the status and condition of primary water meters, an analysis of water line breaks, an evaluation of underground leakage potential, and provides recommendations for meter replacement.

Leak Detection and Repair

The City administers a leak detection and repair program for its water distribution system. This program features a work order prioritization system for leaks needing repair and an inventory of equipment and materials needed to promptly repair all detected or reported leaks. The City's annual rehabilitation program to upgrade its water distribution system addresses high volume leaks. The City also conducts an annual distribution system rehabilitation program that replaces the high water loss sections of the distribution system. This program is based on findings of monthly water loss reports and the leak detection program.

Universal Metering

The ability to meter all water distribution and consumption uses allows the City to closely monitor actual water use, water losses, and prevent unauthorized use. All service connections in the City are metered. All production wells, pumping stations, interconnections, irrigation, swimming pools, parks, and municipal structures operated by the City are metered.

Meters at water production pump stations are calibrated and tested annually in accordance with American Water Works Association (AWWA) standards to provide a minimum accuracy of plus or minus five percent (5%).

The City will continue to provide a preventive maintenance program for its water meters, wherein regular scheduled testing, repairs, and replacement are performed in accordance with AWWA standards. The City recently deployed an Automated Metering Infrastructure (AMI) system for both electric and water. As part of this conversion, we are replacing mechanical water meters with digital meters. The digital meters offer a twenty year accuracy warranty and no moving parts to fail. When fully functional, the AMI system will offer the customer and the utility more flexibility. The system can be used to eliminate cycle counts to true up monthly production against consumption and as a monitoring tool during drought plan enactments.

RECORDS MANAGEMENT SYSTEM

The City administers a comprehensive record management system that accounts for water use characteristics throughout the water system and allows for the separation of aggregate water sales and water usage characteristics into customer-specific categories. The system is configured to provide the following water use information:

- Water production
- Water sales
- Water consumption
- Water losses

PUBLIC EDUCATION PROGRAM

The City promotes water conservation issues by informing the public in a variety of ways which include:

- New customers will receive conservation information
- Information will be available upon request
- Coordinating educational presentations, lectures, and demonstrations for schools, civic groups, and the general public
- Exhibits at fairs held throughout the year
- Participating in community environmental education activities with the City of College Station and other local organizations to promote water conservation education
- Supporting annual events and demonstrations relating to water conservation and environmental issues that affect water supply and quality
- Providing plant tours and sharing information at our civic Bryan Leadership Academy
- Use Consumer Confidence Report as a means to promote water conservation

The City also participates in an annual Earth Day celebration where residents have access to information and demonstrations relating to water conservation and environmental issues that affect water supply through advertising and an informational fair.

WHOLESALE WATER SUPPLY CONTRACTS

The City will, as part of contracts for sale of water to any other entity re-selling water, require that entity to adopt applicable provisions of the City's water conservation and drought contingency plan or have a plan in effect previously adopted and meeting the basic requirements of 30 TAC §288. These provisions will be through contractual agreement prior to the sale of any water to the water re-seller.

PLUMBING CODE AND RETROFIT PROGRAM

The City has adopted the 2009 International Plumbing Code, which requires the use of water saving, Ultra Low Flow (ULF) fixtures to be installed in new construction and in the replacement of plumbing in existing structures. The code shall meet or be modified to meet the Texas Water Development Board Standards.

The City educates the residents, plumbers, and contractors on the benefits of retrofitting existing facilities with water saving devices. This program will be encompassed in the educational and informational programs utilized by the City. The City will encourage plumbing companies and hardware stores in the Bryan area to stock water conserving fixtures and retrofit devices.

LANDSCAPE WATER MANAGEMENT

The City provides information about the methods and benefits of water conserving landscaping practices and devices, through public education to homeowners, business owners, landscape architects and designers, and irrigation professionals. The following methods are encouraged:

- The use of Xeriscape™ and "Water Wise" landscaping techniques, including drought tolerant plants and grasses for landscaping new homes and commercial areas.
- The use of drip irrigation systems when possible or other water conserving irrigation systems that utilize efficient sprinklers and considerations given to prevailing winds.
- Making sure that ornamental fountains and similar water features are designed to recycle water and use minimal amounts of water.

- Working with area landscape supply businesses and nurseries to encourage them to sell locally adapted, drought tolerant plants and grasses along with efficient irrigation systems, and to promote use of these materials through demonstrations and advertisements.
- Promote the use of the City's compost product as a beneficial soil amendment which helps prevent erosion, increase soil aeration, and improve moisture retention of soils and landscape.

SECTION 5 PERFORMANCE MEASURES AND REPORTING

The City will compile an annual report on the Water Conservation Plan, to include the following:

- Summary of public information issued in the previous year
- Report on meter testing program
- Summary of water loss control program
- Effectiveness of Water Conservation Plan in reducing peak and overall water consumption
- Per capita water consumption for the previous calendar year
- Implementation progress and status of plan

SECTION 6 MEANS OF IMPLEMENTATION AND ENFORCEMENT

The City Manager or his/her designee will act as administrator of the Water Conservation Plan. The administrator shall oversee execution and implementation of all elements of the Plan and is responsible for overseeing adequate record keeping for program documentation.

This Water Conservation Plan has been adopted by the City. A copy of this resolution is included in Appendix C.

SECTION 7 COORDINATION

Recognizing that each City has similar water systems and customer bases, and similar needs for water conservation, the City of College Station and the City of Bryan worked together in developing similar water conservation plans.

Coordination with Drought Contingency and Water Emergency Plan: The Water Conservation Plan shall work in accordance with the related City of Bryan Ordinance, Drought Contingency and Water Emergency Plan, which was adopted in June 2005. The Drought Contingency and Water Emergency Plan may be revised as necessary.

Coordination with Regional Water Planning Group: The service area of the City of Bryan is located within the Brazos G Water Planning Group (Region G) and the City of Bryan will provide a copy of this Water Conservation Plan to Brazos G.

Coordination with Groundwater Conservation District: The City of Bryan will provide this Plan to the Brazos Valley Groundwater Conservation District.

SECTION 8 REVISIONS TO THE WATER CONSERVATION PLAN

The City of Bryan will review and update this Water Conservation Plan, as appropriate, based on new or updated information, such as the adoption or revision of the regional water plan. As a minimum, the Plan will be updated again before May 1, 2019 and every five (5) years thereafter.

APPENDIX A: Utility Profile & Water Conservation Plan Requirements for Municipal Water Use by Public Water Suppliers

UTILITY PROFILE FOR RETAIL WATER SUPPLIER

Fill out this form as completely as possible.
If a field does not apply to your entity, leave it blank.

CONTACT INFORMATION

Name of Utility: City of Bryan

Public Water Supply Identification Number (PWS ID): 0210001

Certificate of Convenience and Necessity (CCN) Number: 10187

Surface Water Right ID Number: 5912

Wastewater ID Number: TPDES Numbers 10426001, 10426002, and 10426004

Completed By: Charles Rhodes Title: Production & Field Operator

Address: 1111 Waco Street City: Bryan Zip Code: 77801

Email: rhodes@bryantx.gov Telephone Number: 979.209.5951

Date: 05/01/14

Regional Water Planning Group: G [Map](#)

Groundwater Conservation District: Brazos V [Map](#)

Check all that apply:

- Received financial assistance of \$500,000 or more from TWDB
- Have 3,300 or more retail connections
- Have a surface water right with TCEQ

Section I: Utility Data

A. Population and Service Area Data

1. Current service area size in square miles: 73
 (Attach or email a copy of the service area map.)

2. Provide historical service area population for the previous five years, starting with the most current year.

Year	Historical Population Served By Retail Water Service	Historical Population Served By Wholesale Water Service	Historical Population Served By Wastewater Service
2013	79,682		70,120
2012	78,504		69,084
2011	77,344		68,063
2010	76,201		67,067
2009	75,075		66,066

3. Provide the projected service area population for the following decades.

Year	Projected Population Served By Retail Water Service	Projected Population Served By Wholesale Water Service	Projected Population Served By Wastewater Service
2020	88,434		77,822
2030	102,632		90,316
2040	144,167		126,867
2050	188,879		166,214
2060	229,906		202,317

4. Describe the source(s)/method(s) for estimating current and projected populations.

2010 Census data extrapolated at 1.5% growth factor until College Station reached ultimate population near the year 2030. Population in Bryan CCN was then calculated as the remaining urban area population after accounting for the College Station population. Wastewater population served has historically been approximately 88% of retail water population.

B. System Input

Provide system input data for the previous five years.

Total System Input = Self-supplied + Imported – Exported

Year	Self-supplied Water in Gallons	Purchased/Imported Water in Gallons	Exported Water in Gallons	Total System Input	Total GPCD
2013	4,128,561,000	0	68,075,000	4,060,486,000	140
2012	4,128,484,000	0	100,001,000	4,028,483,000	141
2011	5,021,051,000	0	84,449,000	4,936,602,000	175
2010	4,020,875,000	0	19,472,000	4,001,403,000	144
2009	4,119,596,000	0	63,046,000	4,056,550,000	148
Historic 5-year Average	4,283,713,400	0	67,008,600	4,216,704,800	150

C. Water Supply System (Attach description of water system)

- Designed daily capacity of system _____ **37,708,000** gallons per day.
- Storage Capacity:
 Elevated _____ **4,000,000** gallons
 Ground _____ **11,500,000** gallons
- List all current water supply sources in gallons.

Water Supply Source	Source Type*	Total Gallons
Carrizo-Wilcox (Simsboro)	Ground	41,184,000
Sparta	Ground	1,872,000
	Choose One	

*Select one of the following source types: *Surface water, Groundwater, or Contract*

- If surface water is a source type, do you recycle backwash to the head of the plant?
 Yes _____ estimated gallons per day
 No

D. Projected Demands

1. Estimate the water supply requirements for the next ten years using population trends, historical water use, economic growth, etc.

Year	Population	Water Demands (gallons)
2014	80,877	4,398,495,645
2015	82,090	4,464,464,650
2016	83,322	4,543,881,948
2017	84,571	4,599,393,835
2018	85,840	4,668,408,400
2019	87,128	4,738,456,280
2020	88,434	4,822,659,756
2021	89,761	4,881,651,985
2022	91,107	4,954,854,195
2023	92,474	5,029,198,490

2. Describe sources of data and how projected water demands were determined. Attach additional sheets if necessary.

Population estimate is based off 2010 census data extrapolated at 1.5% per year growth. Estimated population x 149 gallon/day/capita average x the number of days in the year = the demand projection. The 149 GPCD includes current wholesale demands.

E. High Volume Customers

- List the annual water use, in gallons, for the five highest volume **RETAIL** customers. Select one of the following water use categories to describe the customer; choose Residential, Industrial, Commercial, Institutional, or Agricultural.

Retail Customer	Water Use Category*	Annual Water Use	Treated or Raw
Bryan School District	Institutional	113,575,300	Treated
City of Bryan	Commercial	108,730,600	Treated
Saint Joseph Hospital	Commercial	71,122,600	Treated
Brazos County	Commercial	46,466,300	Treated
Oakwood MHP	Residential	39,863,500	Treated

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

- If applicable, list the annual water use for the five highest volume **WHOLESALE** customers. Select one of the following water use categories to describe the customer; choose Municipal, Industrial, Commercial, Institutional, or Agricultural.

Wholesale Customer	Water Use Category*	Annual Water Use	Treated or Raw
Wellborn	Municipal	65,356,000	Treated
Wickson Creek	Municipal	2,719,000	Treated
	Choose One		Choose One
	Choose One		Treated
	Choose One		Choose One

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

F. Utility Data Comment Section

Provide additional comments about utility data below.

Section II: System Data

A. Retail Connections

- List the active retail connections by major water use category.

Water Use Category*	Active Retail Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Residential – Single Family	19,008		19,008	86%
Residential – Multi-family (units)			0	0%
Industrial			0	0%
Commercial	3,019		3,019	14%
Institutional	53		53	0%
Agricultural			0	0%
TOTAL	22,080	0	22,080	

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

- List the net number of new retail connections by water use category for the previous five years.

Water Use Category*	Net Number of New Retail Connections				
	2013	2012	2011	2010	2009
Residential – Single Family	159	168	130	126	246
Residential – Multi-family (units)	0	0	0	0	0
Industrial	0	0	0	0	0
Commercial	-19	47	0	18	22
Institutional	0	2	0	0	0
Agricultural	0	0	0	0	0
TOTAL	140	217	130	144	268

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

B. Accounting Data

For the previous five years, enter the number of gallons of RETAIL water provided in each major water use category.

Water Use Category*	Total Gallons of Retail Water				
	2013	2012	2011	2010	2009
Residential - Single Family	1,884,922,100	1,848,158,700	2,301,823,200	1,869,455,200	1,903,175,000
Residential – Multi-family					
Industrial					
Commercial	1,664,934,500	1,696,434,600	1,939,636,000	1,641,578,900	1,614,207,700
Institutional	103,356,500	113,603,900	134,197,500	99,408,000	97,256,200
Agricultural					
TOTAL	3,653,213,100	3,658,197,200	4,375,656,700	3,610,442,100	3,614,638,900

*For definitions on recommended customer categories for classifying customer water use, refer to the online [Guidance and Methodology for Reporting on Water Conservation and Water Use](#).

C. Residential Water Use

For the previous five years, enter the residential GPCD for single family and multi-family units.

Water Use Category*	Residential GPCD				
	2013	2012	2011	2010	2009
Residential - Single Family	91	89	113	92	94
Residential – Multi-family					

D. Annual and Seasonal Water Use

1. For the previous five years, enter the gallons of treated water provided to RETAIL customers.

Month	Total Gallons of Treated Retail Water				
	2013	2012	2011	2010	2009
January	221,389,400	218,883,700	245,232,400	213,413,500	233,197,200
February	209,233,400	203,070,100	223,805,900	204,984,700	213,296,600
March	211,420,200	211,349,200	232,525,900	201,025,700	222,552,200
April	259,195,600	233,373,800	334,449,400	241,898,200	264,401,500
May	285,525,200	333,352,200	391,937,400	294,237,500	263,100,000
June	297,417,300	376,247,300	423,567,600	342,794,100	390,255,700
July	465,242,300	377,935,600	484,740,300	360,530,100	497,562,100
August	481,993,800	429,575,200	527,745,600	422,547,900	463,253,500
September	451,340,500	424,575,400	552,239,800	445,887,500	383,763,900
October	334,012,500	337,046,300	386,081,800	311,093,400	242,777,000
November	219,382,400	275,110,600	322,934,200	298,897,400	226,888,900
December	217,060,500	237,677,800	250,396,400	273,132,100	213,590,300
TOTAL	3,653,213,100	3,658,197,200	4,375,656,700	3,610,442,100	3,614,638,900

2. For the previous five years, enter the gallons of raw water provided to RETAIL customers.

Month	Total Gallons of Raw Retail Water				
	2013	2012	2011	2010	2009
January					
February					
March					
April					
May					
June					
July					
August					
September					
October					
November					
December					
TOTAL	0	0	0	0	0

3. Summary of seasonal and annual water use.

Water Use	Seasonal and Annual Water Use					Average in Gallons
	2013	2012	2011	2010	2009	
Summer Retail (Treated + Raw)	1,244,653,400	1,183,758,100	1,436,053,500	1,125,872,100	1,351,071,300	1,268,281,680 5yr Average
TOTAL Retail (Treated + Raw)	3,653,213,100	3,658,197,200	4,375,656,700	3,610,442,100	3,614,638,900	3,782,429,600 5yr Average

E. Water Loss

Provide Water Loss data for the previous five years.

Water Loss GPCD = [Total Water Loss in Gallons ÷ Permanent Population Served] ÷ 365

Water Loss Percentage = [Total Water Loss ÷ Total System Input] x 100

Year	Total Water Loss in Gallons	Water Loss in GPCD	Water Loss as a Percentage
2013	407,272,900	14	10%
2012	370,285,800	13	9%
2011	560,945,300	20	11%
2010	390,960,900	14	10%
2009	441,911,100	16	11%
5-year average	434,275,200	15	10%

F. Peak Water Use

Provide the Average Daily Water Use and Peak Day Water Use for the previous five years.

Year	Average Daily Use (gal)	Peak Day Use (gal)	Ratio (peak/avg)
2013	11,124,619	23,281,000	2.09
2012	11,036,940	21,521,000	1.95
2011	13,524,937	24,620,000	1.82
2010	10,962,748	20,893,000	1.91
2009	11,113,836	22,240,000	2.00

G. Summary of Historic Water Use

Water Use Category	Historic 5-year Average	Percent of Connections	Percent of Water Use
Residential SF	1,961,506,840	86%	1%
Residential MF	0	0%	0%
Industrial	0	0%	0%
Commercial	1,711,358,340	14%	0%
Institutional	109,564,420	0%	0%
Agricultural	0	0%	0%

H. System Data Comment Section

Provide additional comments about system data below.

Section III: Wastewater System Data

If you do not provide wastewater system services then you have completed the Utility Profile. Save and Print this form to submit with your Plan. Continue with the [Water Conservation Plan Checklist](#) to complete your Water Conservation Plan.

A. Wastewater System Data (Attach a description of your wastewater system.)

1. Design capacity of wastewater treatment plant(s): 14,000,000
gallons per day.
2. List the active wastewater connections by major water use category.

Water Use Category*	Active Wastewater Connections			
	Metered	Unmetered	Total Connections	Percent of Total Connections
Municipal	19,058		19,058	88%
Industrial			0	0%
Commercial	2,656		2,656	12%
Institutional	46		46	0%
Agricultural			0	0%
TOTAL	21,760	0	21,760	

2. What percent of water is serviced by the wastewater system? 88%
3. For the previous five years, enter the number of gallons of wastewater that was treated by the utility.

Month	Total Gallons of Treated Wastewater				
	2013	2012	2011	2010	2009
January	213,280,000	208,631,000	219,554,000	216,222,000	177,675,000
February	177,020,000	224,355,000	206,820,000	208,354,000	171,279,000
March	191,510,000	271,734,000	189,402,000	217,838,000	206,789,000
April	190,180,000	212,673,000	191,022,000	193,460,000	220,153,000
May	232,864,000	224,886,000	191,988,000	208,129,000	204,479,000
June	194,971,000	206,200,000	192,024,000	216,830,000	191,648,000
July	192,504,000	215,200,000	187,792,000	203,657,000	200,276,000
August	195,917,000	208,040,000	201,156,000	216,017,000	198,399,000
September	215,637,000	207,530,000	193,997,000	231,779,000	224,514,000
October	245,073,000	202,400,000	187,697,000	196,902,000	261,298,000
November	241,260,000	178,620,000	187,755,900	193,043,000	205,587,000
December	195,620,000	187,501,000	205,548,000	218,103,000	222,403,000
TOTAL	2,485,836,000	2,547,770,000	2,354,755,900	2,520,334,000	2,484,500,000

4. Can treated wastewater be substituted for potable water?
 Yes No

B. Reuse Data

1. Provide data on the types of recycling and reuse activities implemented during the current reporting period.

Type of Reuse	Total Annual Volume (in gallons)
On-site irrigation	
Plant wash down	210,240,000
Chlorination/de-chlorination	210,240,000
Industrial	
Landscape irrigation (parks, golf courses)	35,812,180
Agricultural	
Discharge to surface water	
Evaporation pond	
Other	
TOTAL	456,292,180

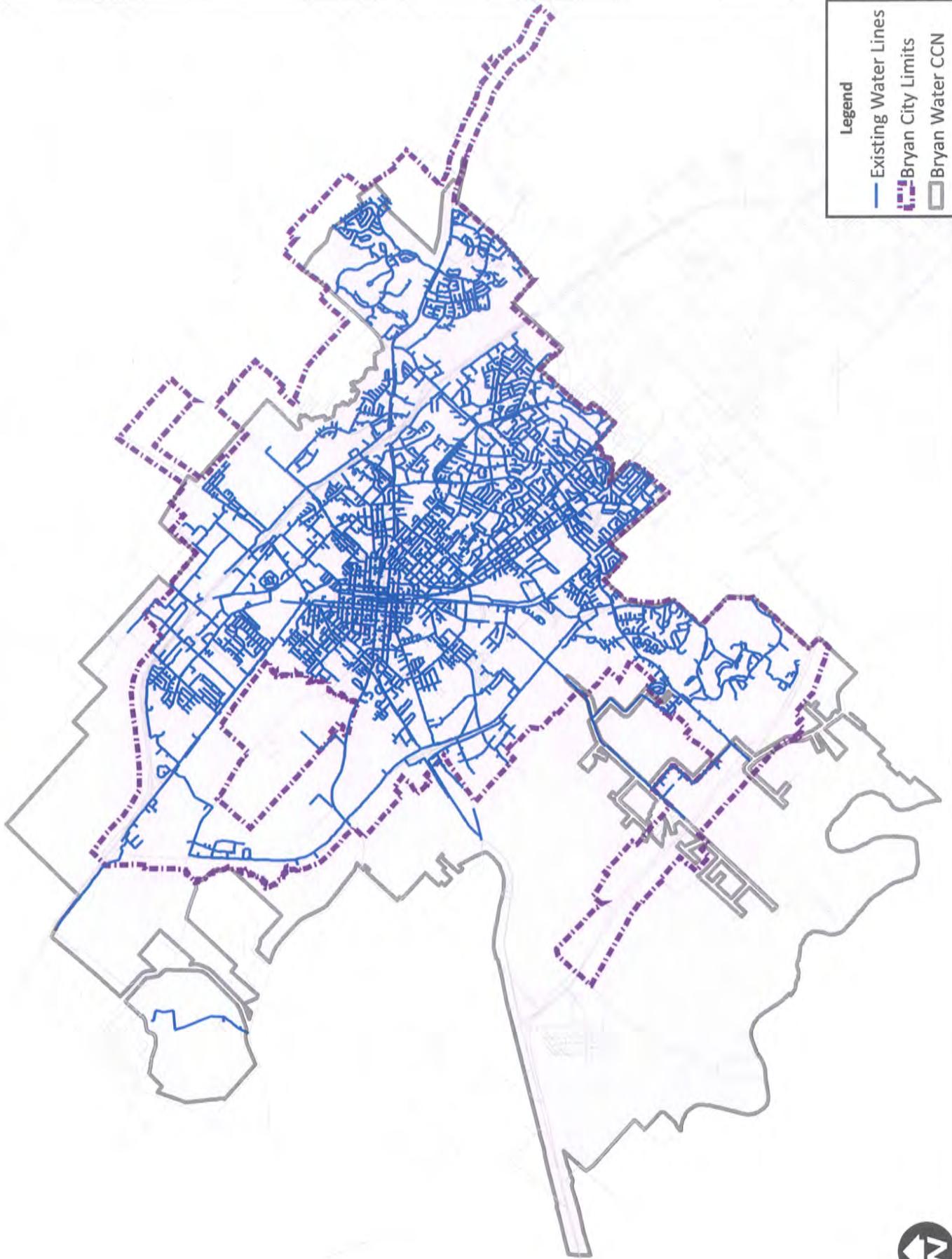
C. Wastewater System Data Comment

Provide additional comments about wastewater system data below.

You have completed the Utility Profile. Save and Print this form to submit with your Plan. Continue with the [Water Conservation Plan Checklist](#) to complete your Water Conservation Plan.

APPENDIX B: Water Service and CCN Map

Bryan City Limits and Water CCN Area



- Legend**
- Existing Water Lines
 - - - Bryan City Limits
 - Bryan Water CCN



APPENDIX C: Resolution of the Bryan City Council adopting Water Conservation Plan

RESOLUTION NO. 3551

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS, ADOPTING A WATER CONSERVATION PLAN AS OUTLINED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY.

WHEREAS, the City of Bryan strives to manage its water utility in accordance with State guidelines; and,

WHEREAS, the City of Bryan desires to implement a plan that helps ensure adequate long-term water supplies exist for future demand; and,

WHEREAS, the City of Bryan has filed and has been granted a Bed and Banks permit with the Texas Commission on Environmental Quality (TCEQ) which will establish the City's ownership of the wastewater effluent discharged into local waterways; and,

WHEREAS, the State has required adoption of a Water Conservation Plan be maintained for the Bed and Banks permit and funding from the Texas Water Development Board; and,

WHEREAS, the Water Conservation Plan will be reviewed and updated every five years to include specific quantified five-year and ten-year targets for water savings to include goals for water loss programs and goals for municipal use, in gallons per capita per day; and

WHEREAS, the Water Conservation Plan was last adopted by Council on November 22, 2011.

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

1.

That the City Council of the City of Bryan hereby adopts the Water Conservation Plan, dated May 2014.

2.

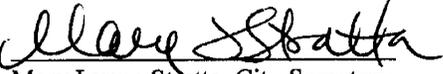
That the Water Conservation Plan follows the Texas Commission on Environmental Quality guidelines found in 30 TAC §288.2 Water Conservation Plans for Municipal Uses by Public Water Suppliers

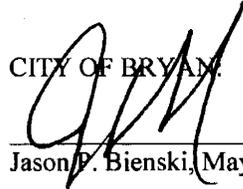
3.

This resolution shall be effective immediately upon adoption.

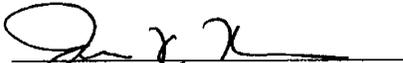
APPROVED AND ADOPTED by the City Council of the City of Bryan, Texas, this 13th day of May 2014.

ATTEST:

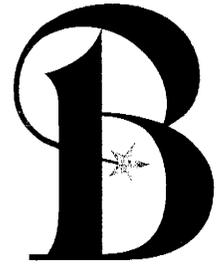

Mary Lynne Stratta, City Secretary

CITY OF BRYAN

Jason P. Bienski, Mayor

APPROVED AS TO FORM:


Jarvis K. Hampton, City Attorney

APPENDIX D: Transmittal Letter to Brazos Region G Regional Water Planning Group



CITY OF BRYAN
The Good Life. Texas Style.

May 16, 2014

CERTIFIED MAIL RETURN RECEIPT NO.: 7013 1090 0000 7136 5865

Brazos G Water Planning Group
Attn. Trey Buzbee
P.O. Box 7555
Waco, Texas 76714

Re: **Updated Water Conservation Plan for PWS 0210001**

Dear Mr. Buzbee,

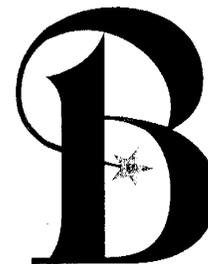
Please find the enclosed Water Conservation Plan for the City of Bryan. As part of our efforts to preserve the natural resources entrusted to us, the City of Bryan recently reviewed and revised this plan. It is anticipated the plan will remain intact through May 1, 2019. However, provisions allow for periodic adjustments if necessary.

Please be assured that the City of Bryan is dedicated to the proper operations of our facilities. We hold our responsibilities to our community and the environment with the highest regard and strive to insure that our goals and integrity are not compromised. If clarification of this document or additional information is needed, please feel free to contact me in my office at (979) 209-5951 or via email at the following address - rhodes@bryantx.gov.

Sincerely,

Charles Rhodes
Production and Field Operations Manager

APPENDIX E: Transmittal Letter to Brazos Valley Groundwater Conservation District



CITY OF BRYAN
The Good Life, Texas Style!

May 16, 2014

CERTIFIED MAIL RETURN RECEIPT NO.: 7013 1090 0000 7136 5872

Brazos Valley Groundwater Conservation District
Attn. Alan Day
P.O. Box 528
Hearne, Texas 77859

Re: **Updated Water Conservation Plan for PWS 0210001**

Dear Mr. Day,

Please find the enclosed Water Conservation Plan for the City of Bryan. As part of our efforts to preserve the natural resources entrusted to us, the City of Bryan recently reviewed and revised this plan. It is anticipated the plan will remain intact through May 1, 2019. However, provisions allow for periodic adjustments if necessary.

Please be assured that the City of Bryan is dedicated to the proper operations of our facilities. We hold our responsibilities to our community and the environment with the highest regard and strive to insure that our goals and integrity are not compromised. If clarification of this document or additional information is needed, please feel free to contact me in my office at (979) 209-5951 or via email at the following address - rhodes@bryantx.gov.

Sincerely,

Charles Rhodes
Production and Field Operations Manager



City of Bryan – Water Services

P.O. Box 1000
Bryan, Texas 77805
979-209-5900

CITY OF BRYAN
The Good Life, Texas Style.

5-Day Watering Schedule

The city manager or his/her designee of the City of Bryan shall monitor water supply and/or demand conditions on a daily basis and, in accordance with the triggering criteria set forth in the Drought Contingency Plan, shall determine that a voluntary, moderate or severe water shortage condition exists and shall implement a 5-day Watering Schedule.

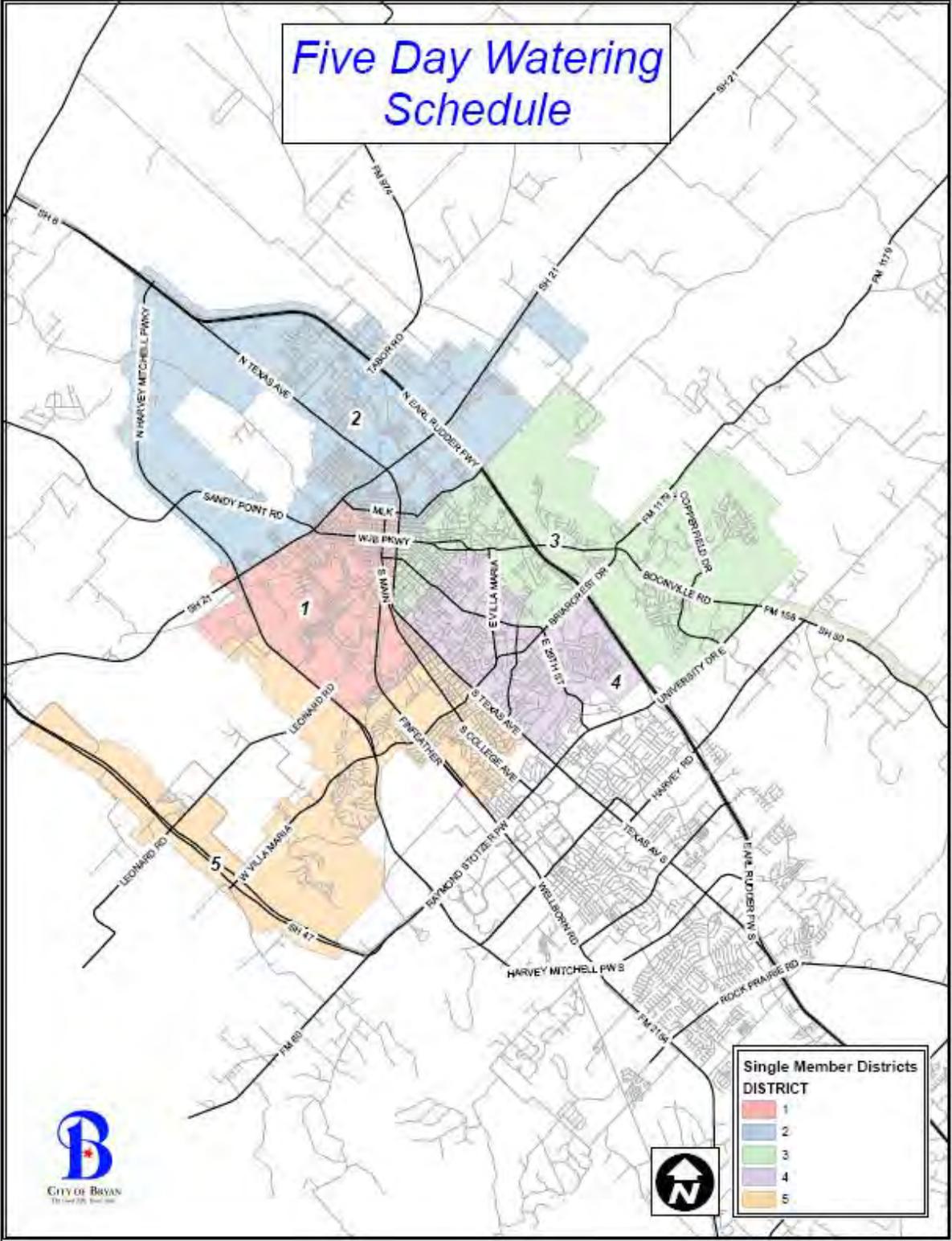
Water customers are required to participate in the 5-day Watering Schedule for outdoor water uses. Outdoor water use shall only occur on a designated outdoor watering day, which will be once every five days.

The boundaries of each watering zone correspond to the City's five single-member districts (SMD). Water days are as follows:

Water Zone	Watering Days
SMD 1	1 st , 6 th , 11 th , 16 th , 21 st , 26 th
SMD 2	2 nd , 7 th , 12 th , 17 th , 22 nd , 27 th
SMD 3	3 rd , 8 th , 13 th , 18 th , 23 rd , 28 th
SMD 4	4 th , 9 th , 14 th , 19 th , 24 th , 29 th
SMD 5	5 th , 10 th , 15 th , 20 th , 25 th , 30 th

Electronic maps of the Council's Single Member Districts can be viewed at <http://ims.bryantx.gov/council/viewer.htm>.

Five Day Watering Schedule



Single Member Districts	
DISTRICT	
1	Red
2	Blue
3	Green
4	Purple
5	Orange

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

A. Water Utility General Information

1. Water Utility Name	<u>CITY OF BRYAN</u>		
1a. Regional Water Planning Area	<u>G</u>		
1b. Address	<u>PO BOX 1000</u>		
	<u>BRYAN, TX 77805-1000</u>		
2. Contact Information			
2a. Name	<u>Charles Rhodes</u>		
2b. Telephone Number	<u>(979) 209-5951</u>		
2c. Email Address	<u>rhodes@bryantx.gov</u>		
3. Reporting Period			
3a. Start Date	<u>01/01/2015</u>		
3b. End Date	<u>12/31/2015</u>		
4. Source Water Utilization			
4a. Surface Water	<u>0.00</u>	%	
4b. Ground Water	<u>100.00</u>	%	
5. Population Served			
5a. Retail Population Served	<u>82,090</u>		Assessment
5b. Wholesale Population Served	<u>0</u>		Scale
6. Utility's Length of Main Lines	<u>487.00</u>	miles	<u>5</u>
7. Total Retail Metered Connections - Active and Inactive	<u>22,870</u>		<u>4.5</u>
8. Number of Wholesale Connections Served	<u>7</u>		
9. Service Connection Density	<u>46.96</u>	connections per mile	
10. Average Yearly System Operating Pressure	<u>70.00</u>	psi	<u>2</u>
11. Volume Units of Measure	<u>Gallons</u>		

B. System Input Volume

12. Volume of Water Intake	<u>3,925,345,000</u>	gallons	
13. Produced Water	<u>4,004,372,000</u>	gallons	<u>5</u>
13a. Production Meter Accuracy	<u>100.0</u>	%	<u>5</u>
13b. Corrected Input Volume	<u>4,004,372,000</u>	gallons	
14. Total Treated Purchased Water	<u>0</u>	gallons	<u>N/A</u>
14a. Treated Purchased Water Meter Accuracy	<u>0.0</u>	%	<u>N/A</u>
14b. Corrected Treated Purchased Water Volume	<u>0</u>	gallons	

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

15. Total Treated Wholesale Water Sales	143,270,600	gallons	5
15a. Treated Wholesale Water Meter Accuracy	100.0	%	5
15b. Corrected Treated Wholesale Water Sales Volume	143,270,600	gallons	
16. Total System Input Volume Line 13b + Line 14b - Line 15b	3,861,101,400	gallons	
			Assessment Scale
C. Authorized Consumption			
17. Billed Metered	3,716,708,300	gallons	4
18. Billed Unmetered	0	gallons	5
19. Unbilled Metered	4,165,570	gallons	5
20. Unbilled Unmetered	10,962,968	gallons	4
21. Total Authorized Consumption	3,731,836,838	gallons	
D. Water Losses			
22. Water Losses Line 16 - Line 21	129,264,562	gallons	
E. Apparent Losses			
23. Average Customer Meter Accuracy	99.00	%	4.5
24. Customer Meter Accuracy Loss	37,542,508	gallons	
25. Systematic Data Handling Discrepancy	0	gallons	3.5
26. Unauthorized Consumption	9,652,754	gallons	2
27. Total Apparent Losses	47,195,262	gallons	
F. Real Losses			
28. Reported Breaks and Leaks	22,186,368	gallons	4.5
29. Unreported Loss	59,882,932	gallons	2
30. Total Real Losses Line 28 + Line 29	82,069,300	gallons	
31. Total Water Losses Line 27 + Line 30	129,264,562	gallons	
32. Non-Revenue Water Line 31 + Line 19 + Line 20	144,393,100	gallons	
G. Technical Performance Indicator for Apparent Loss			
33. Apparent Losses Normalized Line 27 / Line 7 / 365	5.65	gallons lost per connection per day	

TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

H. Technical Performance Indicators for Real Loss

34. Real Loss Volume Line 30	<u>82,069,300</u>	gallons
35. Unavoidable Annual Real Losses Volume (5.41 * Line 6 + (Line 7 * 0.15)) * 365 * Line 10	<u>154,965,094</u>	gallons
36. Infrastructure Leakage Index Line 34 / Line 35	<u>0.53</u>	I.L.I
37. Real Losses Normalized - Service Connections Line 34 / Line 7 / 365	<u>9.83</u>	gallons lost per connection per day
38. Real Losses Normalized - Main Lines Line 34 / Line 6 / 365	<u>0.00</u>	gallons lost per mile per day

I. Financial Performance Indicators

			Assessment Scale
39. Total Apparent Losses Line 27	<u>47,195,262</u>	gallons	
40. Retail Price of Water	<u>0.00257</u>	\$/gallons	<u>4</u>
41. Cost of Apparent Losses Line 39 x Line 40	<u>\$121,291.82</u>		
42. Total Real Losses Line 30	<u>82,069,300</u>	gallons	
43. Variable Production Cost of Water	<u>0.00027</u>	\$/gallons	<u>4</u>
44. Cost of Real Losses Line 42 x Line 43	<u>\$22,076.64</u>		
45. Total Cost Impact of Apparent and Real Losses Line 41 + Line 44	<u>\$143,368.46</u>		
46. Total Assessment Score	<u>84</u>		

J. System Losses and Gallons Per Capita per Day (GPCD)

47. Total Water Loss - Percentage	<u>3.35</u>	%
48. GPCD Input Line 16 / Line 5a / 365	<u>129</u>	
49. GPCD Loss Line 31 / Line 5a / 365	<u>4</u>	

K. Wholesale Factor Adjustments

50. Percent of Treated Wholesale Water Traveling through General Distribution System	<u>100.00</u>	%
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TEXAS WATER DEVELOPMENT BOARD

P.O. BOX 13231, CAPITOL STATION

AUSTIN, TX 78711-3231

2015 WATER AUDIT REPORT

51. Volume of Treated Wholesale Water Traveling through General Distribution System (Line 50/100) * Line 15b	143,270,600	gallons
52. Wholesale Factor Line 15b / (Line 13b + Line 14b)	0.04	
53. Adjusted Real Loss Volume ((1 - Line 52) x (Line 30 * Line 50 / 100)) + (Line 30 - (Line 30 * Line 50/100))	78,786,528	gallons
54. Adjusted Cost of Real Losses ((1 - Line 52) x (Line 44 * Line 50 / 100)) + (Line 44 - (Line 44 * Line 50/100))	\$21,193.57	
55. Adjusted Total Water Loss Volume ((1 - Line 52) x (Line 31 * Line 50 / 100)) + (Line 31 - (Line 31 * Line 50/100))	124,093,980	gallons
56. Adjusted Total Cost Impact of Apparent and Real Losses ((1 - Line 52) x (Line 45 * Line 50 / 100)) + (Line 45 - (Line 45 * Line 50/100))	\$137,633.72	
57. Adjusted Real Loss Per Connection ((1 - Line 52) x (Line 37 * Line 50 / 100)) + (Line 37 - (Line 37 * Line 50/100))	9.44	gallons lost per connection per day
58. Adjusted Real Loss Per Mile ((1 - Line 52) x (Line 38 * Line 50 / 100)) + (Line 38 - (Line 38 * Line 50/100))	0.00	gallons lost per mile per day
59. Adjusted Infrastructure Leakage Index ((1 - Line 52) x (Line 36 * Line 50 / 100)) + (Line 36 - (Line 36 * Line 50/100))	0.51	I.L.I
60. Adjusted Total Water Loss - Percentage ((1 - Line 52) x (Line 47 * Line 50 / 100)) + (Line 47 - (Line 47 * Line 50/100))	3.22	%
61. Adjusted GPCD Loss ((1 - Line 52) x (Line 49 * Line 50 / 100)) + (Line 49 - (Line 49 * Line 50/100))	4	

Comments

System losses are skewed as wholesale numbers are reflected in the sold numbers. They are removed from the produced figure, but not the sold figure. This probably should have been accounted for in the Water Audit. However, since that number feeds this sheet, I am unable to audit the number.

**ATTACHMENTS –
PART C**

STATE OF TEXAS §

COUNTY OF BRAZOS §

WATER PURCHASE CONTRACT

THIS CONTRACT for the sale and purchase of water is made and entered into this 23rd day of March, 2012, between the City of Bryan, a Texas home-rule municipality (hereinafter referred to as "Seller") and Wellborn Special Utility District, a political subdivision of the State of Texas, (hereinafter referred to as "Purchaser").

WITNESSETH:

WHEREAS, Purchaser represents that it is organized and established under the provisions of Chapter 65, Texas Water Code, and is a district created as a public agency by action of Texas Commission on Environmental Quality (TCEQ) for all the purposes authorized under said Chapter 65 of the Water Code, including the purpose of constructing and operating a water supply distribution system serving water users within the area described in the records of such utility district on file in the office of the Purchaser, and to accomplish this purpose, the Purchaser will require a supply of treated water; and

WHEREAS, Chapter 791 of the Texas Government Code, also known as the Interlocal Cooperation Act, authorizes local governments to contract with each other to perform functions or services that each party to the contract is authorized to perform individually; and

WHEREAS, the Seller owns and operates a water supply system with a capacity capable of serving users of the Seller's system, and in addition capable of providing water to Purchaser for its use in providing water to its water users, for daily purposes and emergency purposes, as provided in this Contract; and

WHEREAS, Seller and Purchaser desire to enter into this Contract pursuant to the same authority heretofore granted; and

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth:

I. Seller's Obligations

1. Seller agrees to furnish the Purchaser at the point of delivery hereinafter specified, during the term of this Contract, or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Texas State Department of Health and/or the Texas Commission on Environmental Quality (TCEQ) in such quantity as may be requested by the Purchaser. Purchaser will be limited to a maximum flow of 1,389 gallons per minute with the daily total not to exceed 2,000,000 gallons.

2. Purchaser agrees to pay the Seller's commercial rate for water, which rate will be adjusted and be effective on October 1st of each succeeding year, as established by the City Council of the City of Bryan. The rate to be paid at the beginning of this Contract shall be **\$2.38/1,000 gallons** (two dollars and thirty-eight cents per thousand gallons of water). In the event that Seller changes the structure of its commercial rate for water from a flat charge to a tiered rate structure, Seller agrees that the commercial rate applicable to Purchaser under this Contract shall be the rate applicable to the lowest rate tier. Seller agrees to read the meter and invoice Purchaser on a monthly basis. Seller shall have the right to terminate supply to Purchaser if Purchaser remains delinquent in any payments due hereunder for a period of thirty (30) days.

3. That water will be furnished at a location and from a main supply point to be determined and which is mutually agreeable to the parties. The parties anticipate such delivery

point to be located at or near the intersection of Villa Maria Road and State Highway 47 from an existing eighteen inch water transmission line owned by Seller. If a greater pressure than that normally available at the point of delivery is required by the Purchaser, the cost of installing or upgrading facilities to provide such greater pressure shall be borne by the Purchaser.

4. Seller agrees to permit Purchaser to attach facilities to Seller's main water transport line at the location of Texas State Highway OSR and Mumford Road suitable to transport or wheel water it purchases or otherwise has need to transport from the current system of OSR Water Supply Corporation, or its successor or assigns ("OSR WSC"), to Purchaser's system at a location suitable to Purchaser, which shall be a maximum amount of 2,000,000 gallons per day of water in addition to the water supplied under paragraph I(1) of this Contract. Purchaser shall install a water meter at this location to determine, on a monthly basis, the amount of water so transported through Seller's pipelines. Seller shall be paid a wheeling charge, equal to 85% of the then-effective commercial rate, for water so transported through its pipeline main line. The parties acknowledge that the water to be transported or wheeled pursuant to this paragraph I(4) is currently permitted to OSR WSC and that Purchaser and OSR WSC are in the process of consolidating their water supply systems. Seller agrees that, prior to the completion of the system consolidation, any action Purchaser is authorized to take with respect to such water under this Contract, may be taken by OSR WSC.

5. Based upon its best knowledge and belief, Seller will be able to produce and supply water during the term of this contract in the amount of 2,000,000 gallons per day, in addition to the 2,000,000 gallons per day to be produced by Purchaser and wheeled by Seller. In the event Seller reasonably determines that there is such an increase in demand for water by Seller's internal users and facilities that the basic water requirements of the Purchaser are beyond

the Seller's capabilities, then the Seller may reduce the quantities of water purchased or wheeled by Purchaser by providing Purchaser thirty (30) days' prior written notice of the available quantities for delivery and the period of time the quantities are likely to be so reduced. Seller agrees to use commercially reasonable efforts to ensure that its water supply and facilities meet the reasonably foreseeable demands of Seller's internal users and facilities so that Seller may also meet the basic water requirements of the Purchaser under this Agreement without reduction.

6. Seller will provide, upon request by Purchaser, copies of all water analysis as required by law or regulation. Additional water records will be provided when specifically requested.

II. Purchaser's Obligations

7. Purchaser agrees to furnish, install, operate, and maintain at its own expense at the point of delivery described in paragraph I(3) and the point of connection described in paragraph I(4), the necessary metering equipment, including a meter house or pit and required devices of standard type for properly measuring the quantity of water delivered and to calibrate such metering equipment once every twelve months. A meter registering not more than two percent above or below the test results shall be deemed to be accurate. If additional testing is requested by Seller and the meter does not test within this parameter, Purchaser shall pay for the testing. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for the six months previous to such test in accordance with the percentage of inaccuracy found by such test. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read on a regular basis by Seller. An appropriate official of the

Seller shall have access, at all reasonable times, to the meter for the purpose of verifying its readings.

8. Purchaser will pay for the operation and maintenance of the point of connection to Seller's facilities described in paragraph I(4), including those costs associated with the installation and maintenance of a double back-flow preventor or an air gap as approved by Seller and TCEQ, isolation and flow-control valves, and totalizing and instantaneous flow rate metering.

9. It is agreed that Purchaser shall not permit tapping of its distribution system except for the use and benefit of Purchaser's retail customers. Purchaser further agrees not to sell any water to any customer within the extraterritorial jurisdiction (ETJ) of the City of Bryan in areas south of SH 21 who requests service from a tap larger than two inch without first receiving approval from Seller. Seller agrees that approval will not be unreasonably withheld or delayed. In the event that Seller does not approve such request, Seller agrees to make service available to such customer at a reasonable cost.

10. Purchaser will pay the Seller, not later than the thirtieth day after receiving an invoice from Seller. If Purchaser should fail to make such payments, interest on such amounts shall be due and owing and shall accrue at the rate determined pursuant to Section 2251.025 of the Texas Government Code from the date such payment becomes due until paid in full with interest.

11. Purchaser agrees to exercise due diligence to ensure water flows do not exceed **2,778 gallons per minute** and total daily quantities do not exceed **4,000,000 gallons**.

12. Purchaser agrees to give Seller at least forty-eight hours' notice before requesting the water being turned on at the point of delivery interconnects between Purchaser's facilities

and Seller's facilities. Such notice may be provided in person, by electronic mail, or by facsimile transmission.

13. The water system of Purchaser shall be maintained at a standard which will meet with the approval of the TCEQ during the life of this Contract. If, at any time, the water system of Purchaser is not approved by the TCEQ, Seller may, at Seller's election, disconnect the physical connection between Seller's system and Purchaser's system until all remedial actions have been completed to obtain TCEQ's renewed approval. In addition, Seller shall have the right to inspect and insure that the City of Bryan's sanitary standards that apply to the Seller's facilities and water supply are met.

14. Purchaser will furnish Seller total water consumption data for the entire Wellborn Special Utility District System, from all sources on an annual basis if requested by Seller. Purchaser will also furnish Seller copies of all reports required by the TCEQ if requested by Seller.

15. Thirty days prior to the estimated date of completion of construction of a new connection to Seller's system, Purchaser will notify the Seller in writing of the date for the initial delivery of water to Purchaser. Connections shall be constructed in accordance with the plans and specifications prepared by Purchaser. Water lines within Seller's ETJ shall be sized to serve Seller's needs; however, Purchaser shall not be required to meet any more strenuous requirements than Seller imposes on itself for a similar service and/or quality, rating or grade of pipe used within Seller's ETJ over the quality, rating or grade of pipe and other materials and equipment used for Purchaser's remaining water lines outside Seller's ETJ. In the event Seller requires an oversizing of pipe, a higher or more expensive quality, rating or grade of pipe materials and/or equipment, Seller shall be responsible for the additional cost or expense

resulting from such oversizing, extra quality, grade, or rating. Upon completion of construction, Purchaser's engineer shall provide Seller with two sets of "as built" plans and specifications compiled from the information furnished by the contractor and owner.

16. Purchaser shall not sell or supply any water to a property in Seller's ETJ if the property owner was required to obtain a plat from Seller but no plat has been approved or filed for record. Except for those existing wholesale customers of Purchaser as of the effective date of this Contract, Purchaser shall not sell or supply water wholesale to any other person, entity, or agency outside its certificated area without first having received approval in writing from Seller, which shall not be unreasonably withheld or delayed.

III. Exigent Circumstances

17. In the event of an emergency creating a water shortage, regardless of cause, use by Seller's facilities will have priority. Under these conditions, Seller will have the unilateral right to turn off the valves on the lines feeding Purchaser for the duration of the water shortage. Seller will promptly notify Purchaser, but in any case no later than one hour in advance, of terminating service under this provision. In less extreme conditions, Purchaser will cooperate with Seller to reduce water demands during peak flow periods. No damages shall be recoverable from Seller by reason of the termination or reduction in service.

18. If Seller rations the use of water throughout its service area, orders water conservation measures, or restricts the use of water in any way, Purchaser shall institute and apply a substantially similar level of rationing, conservation measures, or restrictions to the use of water by the customers of Purchaser. Purchaser shall not be required to ration water if not receiving water during rationing restrictions implemented by Seller. Seller shall make reasonable provisions to insure satisfactory and continuous service but does not guarantee continuous

service and shall not be liable for loss or damage incurred by reason of interruption in services nor for loss or damage caused by unavoidable act or other causes which Seller could not reasonably have been expected to foresee. Additionally, it is understood and accepted by Purchaser that Seller may need to alter, maintain, or repair facilities resulting in suspension of delivery of water to Purchaser. Except in the case of emergencies, Seller will promptly notify Purchaser in advance of such suspension and the estimated duration thereof.

19. If by reason of force majeure, either party hereto shall be rendered unable, wholly or in part, to carry out its obligations under this Contract (other than the obligation of Purchaser to make payments required under the terms hereof) then that party shall give notice and full details of the force majeure in writing to the other party within two days' time after the occurrence of the event. The obligation of the party claiming force majeure shall be suspended for the period of time to remove or overcome the inability of that party to comply with this Contract.

20. Seller is not obligated to Purchaser for any of the water supplied by Purchaser and transferred through Seller's pipeline. In the event of an unintentional discharge, due to damage to the Seller's pipeline, Seller will use all reasonable efforts to prevent loss of water, including notifying Purchaser as soon as practicable to suspend flow.

IV. Miscellaneous Terms

21. The effective date of this contract shall be the date of execution of the last party to make this Contract effective. It shall continue for a period of twenty-five (25) years from that date. Notwithstanding the foregoing, after this Contract has been in effect for at least five (5) years, this Contract is subject to the expressly reserved right of either party to terminate this

Contract, without cause, by providing the other party with twenty-four (24) months' written notice of its intent to terminate.

22. It is expressly understood and agreed that Seller's responsibility with respect to the service to be furnished hereunder ceases at the points where Purchaser's distribution lines are tapped to the Seller's points of delivery. The obligations and covenants contained in this Contract are for the sole benefit of the signatories hereto and are not intended for the benefit of any third party. To the extent allowed by law, Purchaser will indemnify and hold Seller harmless from any and all claims and demands to which Seller may be subjected by reason of any injury to any person or damage to any property resulting from or in any way connected with any and all actions and activities, or failure to act, of Purchaser under this Contract.

23. This Contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates or the like, as may be required to comply therewith. Purchaser shall be solely responsible for obtaining any and all necessary permits and authorizations required for Purchaser to obtain water pursuant to this Contract.

24. For the purposes of notice, the addresses of the parties shall, until changed as herein provided, be as follows:

Seller: City Manager
City of Bryan, Texas
P.O. Box 1000
Bryan, Texas 77805

Purchaser: General Manager
Wellborn Special Utility District
P.O. Box 250
Wellborn, Texas, 77881

The parties shall have the right from time to time and any time to change their respective addresses and each shall have the right to specify as its address any other address by at least fifteen days' written notice to the other party.

25. If a regional water cooperative is formed, Seller reserves the right to assign its rights and obligations under this Contract, to the cooperative, however, the Contract may not be assigned by Purchaser without the advance written authorization of the Seller. This Contract is binding on the parties hereto, their successors, and assigns, and Seller agrees to honor this assignment to any successors or assigns of Purchaser.

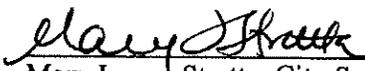
26. This Contract is both performable and enforceable in Brazos County, Texas, shall be governed by the laws of the State of Texas, and venue for any lawsuit arising out of this Contract shall be in Brazos County, Texas.

27. No amendments to this Contract are valid unless made in writing and signed by both parties. This Contract constitutes the entire agreement between the parties, and supersedes all prior agreements and negotiations. If any part of this Contract is deemed illegal or unenforceable by a court of law, the remainder of this Contract shall remain in full force and effect as though the illegal or unenforceable provision was not contained herein.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Contract to be duly executed in two (2) counterparts, each of which shall constitute an original.

SELLER: CITY OF BRYAN

ATTEST:


Mary Lynne Stratta, City Secretary

By: 
Jason P. Bienski, Mayor
Date: 3-23-12

APPROVED AS TO FORM:

Jan K. Hampton
Janis K. Hampton, City Attorney

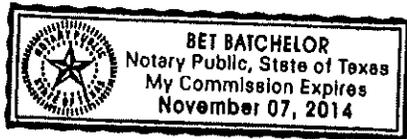
**PURCHASER: WELLBORN SPECIAL
UTILITY DISTRICT**

By: Jerry Ransom
Printed Name: Jerry Ransom
Title: President
Date: 2/24/12

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

Before me, the undersigned authority, on this day personally appeared JERRY RANSOM, PRESIDENT, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Wellborn Special Utility District, and that he executed the same as the act of said District, for the purposes and consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this the 24 day of February, 2012.



Bet Batchelor
Notary Public - State of Texas

**WATER PURCHASE AGREEMENT
WICKSON CREEK SPECIAL UTILITY DISTRICT**

An Agreement between the City of Bryan, Texas (Bryan) and Wickson Creek Special Utility District (Wickson) for the sale of treated water.

WHEREAS, Wickson is a Special Utility District established under Chapter 65, Texas Water Code; and

WHEREAS, Bryan is a home rule municipal corporation that owns and operates a water supply system; and

WHEREAS, Wickson desires to purchase treated water from Bryan; and

WHEREAS, Bryan has the capacity to sell treated water to Wickson; and

WHEREAS, Bryan and Wickson each, for and on behalf of itself, represents to the other that it is authorized to enter into this Agreement under the Constitution and laws of the State of Texas, including without limitation, Chapters 54 and 65, Texas Water Code, as amended.

NOW THEREFORE, Bryan and Wickson agree as follows:

1. **Capacity.** Bryan represents that it will have the capacity to provide firm delivery of treated water in the amount set forth in this Agreement, subject to the terms and conditions set forth herein.

2. **Quality.** Bryan will provide potable treated water meeting applicable purity standards of the State Department of Health and the Texas Commission on Environmental Quality (TCEQ) of The State of Texas.

3. **Quantity.** Wickson will be limited to a maximum flow of 1,300 gallons per minute and 1,872,000 gallons daily, for an annual average of 1,500 acre-feet at the interconnection to be constructed and known as the Harvey School Road Interconnection Site. It is understood that the water provided by Bryan under this Agreement is to be used to meet peak demand or during an emergency and is not intended to be used as a sole source to provide water to Wickson's customers.

4. **Temporary Interruption of Water Supply.**

a. **Repairs and Emergencies:** In situations requiring repairs to the Harvey Road Interconnection or to either party's distribution system affected by the Harvey School Road Interconnection necessitating a temporary interruption of water supply through that interconnection, the party needing to make repairs shall notify the other at least one hour in advance of temporarily interrupting water service under this provision, if feasible. The parties will cooperate with each other to reduce water demands during peak flow periods. Other agreements between the parties relate to water supply in emergency situations, and

it is not the intention of the parties that these emergency provisions override or control the agreement of the parties as set out in such other emergency water supply agreements.

b. **Water Rationing.** If Bryan rations the use of water throughout Bryan or issues water conservation measures or restricts the use of water in any way, Wickson agrees to institute and apply the same or more stringent rationing requirements, conservation measures, or restrictions to the use of water by the customers of Wickson. If Wickson does not implement the same or more stringent rationing requirements, conservation measures, or restrictions, Bryan reserves the right to temporarily interrupt water supply through the interconnection until Bryan lifts the water restrictions.

5. **Continuous Service.** Bryan will make reasonable provisions to insure satisfactory and continuous service but does not guarantee continuous service and will not be liable for loss or damage incurred by reason of interruption in services nor for loss of damage caused by unavoidable act or other causes which Bryan could not reasonably have been expected to foresee. It is expressly understood and agreed that Bryan's responsibility with respect to the service to be furnished hereunder ceases at the interconnection location(s).

6. **Interconnection.** There is presently one interconnection between the parties located at Woodcrest and FM 158. The primary purpose of this interconnection location has been to provide emergency water on a wholesale basis each to the other. In order to facilitate the Purchase and Sale of treated water under this Agreement, the parties agree to construct a second interconnection point at Harvey Mitchell School Road. Bryan and Wickson agree to cooperate in the design and construction of the second interconnection site, and Bryan and Wickson each agree to pay for one-half of the installation and maintenance cost associated with isolation and flow-control valves, pump, totalizer, instantaneous flow rate metering, electrical meter, and other items included in the interconnection design plans as approved by both parties. The entity receiving water through the use of the pump will be responsible for the electrical charges. Upon completion of the Harvey Mitchell School Road Interconnection, Bryan agrees to sell and Wickson agrees to purchase up to the total Quantity set out in paragraph 3 above.

7. **Consideration.**

(a) **Monthly Charge:** Wickson agrees to pay Bryan a monthly charge for water received under this Agreement. The monthly charge will be based upon the unit rate per 1,000 gallons of water transferred through any interconnection calculated using the following formula:

$\frac{\text{Bryan lowest residential rate} + \text{Wickson lowest residential rate}}{2}$	X 65%	= Rate
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The unit rate will be recalculated after a rate change by either entity, and upon 30 days prior notification. The rate calculation for water will be recalculated and approved by the City Manager or designee of Bryan and the General Manager of Wickson. The current

rates are \$2.76/1000 gallons for Bryan and \$3.25/1000 gallons for Wickson. This equates to a rate of \$1.95/1000 gallons at the start of this contract.

(ii) **Interconnection Fee:** In addition to the Monthly Charge, Wickson agrees to pay Bryan the sum of \$250,000.00 upon completion of the second interconnection site at Harvey Mitchell School Road to assist Bryan in completing Bryan's Well #19 Collection Line Project.

(b) **Monthly Charge Due Date:** By the 10th day of each month, Bryan will provide Wickson an itemized statement listing the amount of water furnished to Wickson during the preceding month. The total monthly charge for the prior months water sale is due within 20 days of receipt of the itemized statement.

8. Delegation of Administrative functions. The following administrative functions are hereby delegated to the Bryan City Manager or designee and the Wickson General Manager, as applicable:

To modify, move, or install new interconnections provided that costs for such modifications, relocations or installations are within the spending authority of each Manager, to adjust the rate charged in this Agreement to reflect any residential rate increases approved by the governing bodies of Bryan or Wickson for their respective water utility operations, and for decisions regarding normal operations of the interconnections.

9. Duration of Agreement. This Agreement shall expire 25 years after the effective date, unless terminated sooner. Prior to the expiration of this Agreement, the parties shall meet in negotiations to discuss a new agreement under the same or similar terms.

10. Termination Provisions. Bryan may terminate this Agreement upon 30 days written notice for non-payment of charges invoiced under this Agreement.

11. Entire Agreement. It is understood that unless specifically referenced in this Agreement, this Agreement contains the entire agreement between the entities and supersedes any and all prior agreements, arrangements, or understandings between them relating to the subject matter. No oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist.

12. Other Agreements. The parties have previously entered into numerous interlocal agreements regarding Operation and Development Enhancements and Emergency Water Supply. The parties intend that the terms and conditions of the February 4, 2008 Operation and Development Enhancements and Emergency Water Supply Interlocal Agreements and all amendments thereto, shall also apply.

13. Amendment or Modification. Except as otherwise provided herein, the terms and conditions of this Agreement may be modified at any time by the mutual consent of Bryan and Wickson. Mutual consent will be demonstrated by the approval of each entity's governing body or by the signatures of both the Bryan City Manager or designee and the Wickson General

Manager for administrative matters specifically delegated to them in this Agreement. No amendment to this Agreement shall be effective and binding unless and until it is reduced to writing as set forth above.

14. **Assignment.** This Agreement and all rights and obligations contained herein may not be assigned without the prior written approval of the other entity.

15. **Notice.** Written notice shall be deemed to have been duly served if delivered in person to the individual listed below or if it is delivered or sent by certified mail to the business address as listed below. Each entity has the right to change its business address by giving at least 30 days advance written notice of the change to the other in writing.

Bryan: City Manager
 City of Bryan
 P.O. Box 1000
 Bryan, Texas 77805

Wickson: General Manager
 Wickson Creek S.U.D.
 P.O. Box 4756
 Bryan, Texas 77805

16. **Governmental Immunity and Hold Harmless.** To the extent permitted by law and without waiving each respective entity's governmental immunity or the limitations as to damages contained in the Texas Tort Claims Act, Wickson and Bryan agree to hold each other harmless from and against any and all claims or causes of action arising out of or in connection with the provision of water.

17. **Jurisdiction and Venue.** This Agreement has been made under and shall be governed by the laws of the State of Texas and venue for any disputes shall be in Brazos County, Texas.

18. **Invalidity.** If a court of competent jurisdiction finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it may become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

19. **Force Majure.** The emergency failure of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophes shall excuse Bryan from providing water under this Agreement for such reasonable period of time as may be necessary to restore service.

SIGNED to be effective the 8th day of June, 2010.

CITY OF BRYAN:

By: 
Jason P. Bienski, Mayor

WICKSON CREEK SUD:

By: 
Jimmy Dunn, Board President

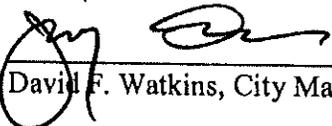
ATTEST:


Mary Lynne Stratta, City Secretary

ATTEST:


Rod Keith, Secretary

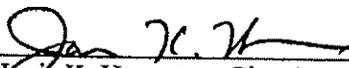
APPROVED:

 FOC DFW
David F. Watkins, City Manager

APPROVED:


Kent Watson, General Manager

APPROVED AS TO FORM:


Janis K. Hampton, City Attorney

Category	Taxable Appraised Value for Tax Year					
	2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,344,844,398	48.81%	\$ 2,220,311,560	48.74%	\$ 2,112,221,752	49.11%
Real, Residential, Multi-Family	554,862,988	11.55%	507,521,525	11.14%	445,714,668	10.36%
Real, Vacant Lots/Tracts	97,609,815	2.03%	94,255,510	2.07%	94,523,998	2.20%
Real, Acreage (Land Only)	67,920,260	1.41%	75,987,053	1.67%	77,152,354	1.79%
Real, Farm and Ranch Improvements	43,466,056	0.90%	41,569,222	0.91%	48,080,695	1.12%
Real, Commercial and Industrial	939,142,306	19.55%	908,888,266	19.95%	870,633,825	20.24%
Real, Oil, Gas and Other Mineral Reserves	38,767,043	0.81%	42,414,920	0.93%	11,066,137	0.26%
Real and Tangible Personal, Utilities	46,534,856	0.97%	43,617,627	0.96%	42,486,207	0.99%
Tangible Personal, Business	605,265,010	12.60%	561,182,080	12.32%	543,153,330	12.63%
Tangible Personal, Other	19,218,340	0.40%	16,299,690	0.36%	15,299,300	0.36%
Residential Inventory	12,245,409	0.25%	12,978,024	0.28%	0	0.00%
Real, Inventory and Special Inventory	34,443,810	0.72%	30,108,540	0.66%	40,865,873	0.95%
Total Appraised Value Before Exemptions	\$ 4,804,320,291	100.00%	\$ 4,555,134,017	100.00%	\$ 4,301,198,139	100.00%
Less: Total Exemptions/Reductions	207,282,153		220,339,097		245,332,709	
Taxable Assessed Value	<u>\$ 4,597,038,138</u>		<u>\$ 4,334,794,920</u>		<u>\$ 4,055,865,430</u>	

Category	Taxable Appraised Value for Tax Year			
	2012		2011	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,032,535,704	49.06%	\$ 2,008,513,999	50.23%
Real, Residential, Multi-Family	421,407,065	10.17%	405,749,972	10.15%
Real, Vacant Lots/Tracts	85,878,322	2.07%	81,232,842	2.03%
Real, Acreage (Land Only)	113,860,982	2.75%	105,851,362	2.65%
Real, Farm and Ranch Improvements	7,372,974	0.18%	7,165,254	0.18%
Real, Commercial and Industrial	841,981,424	20.32%	800,398,222	20.02%
Real, Oil, Gas and Other Mineral Reserves	18,098,424	0.44%	19,240,643	0.48%
Real and Tangible Personal, Utilities	34,948,950	0.84%	41,070,890	1.03%
Tangible Personal, Business	531,395,980	12.83%	475,954,991	11.90%
Tangible Personal, Other	15,359,270	0.37%	15,509,640	0.39%
Residential Inventory	0	0.00%	0	0.00%
Real, Inventory and Special Inventory	40,028,782	0.97%	37,674,810	0.94%
Total Appraised Value Before Exemptions	\$ 4,142,867,877	100.00%	\$ 3,998,362,625	100.00%
Less: Total Exemptions/Reductions	247,525,695		214,635,480	
Taxable Assessed Value	<u>\$ 3,895,342,182</u>		<u>\$ 3,783,727,145</u>	

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

<u>Taxing Jurisdiction</u>	<u>Tax Year</u>
Brazos County	2015 \$ 0.48500
Bryan ISD	1.35000
City of Bryan	0.62999

City of Bryan, Texas

Proforma Cash Flow Analysis

FYE 9/30	Gross Revenues	Operating Expenses	Net Revenues	Outstanding Revenue Supported			New SWIFT Debt			Coverage Ratio(1)	
				Debt Service(1)			Debt Service				
				Principal	Interest	Total	Principal	Interest	Total		Total
2016	\$ 25,379,444	\$ 12,732,292	\$ 12,647,152	\$ 6,275,000	\$ 2,596,948	\$ 8,871,948	\$ -	\$ -	\$ -	\$ 8,871,948	1.43
2017	25,379,444	12,732,292	12,647,152	6,500,000	2,397,500	8,897,500	90,000	37,064	127,064	9,024,564	1.40
2018	25,379,444	12,732,292	12,647,152	6,730,000	2,175,760	8,905,760	660,000	306,710	966,710	9,872,470	1.28
2019	25,379,444	12,732,292	12,647,152	6,720,000	1,961,115	8,681,115	580,000	388,055	968,055	9,649,170	1.31
2020	25,379,444	12,732,292	12,647,152	6,925,000	1,770,239	8,695,239	590,000	382,349	972,349	9,667,587	1.31
2021	25,379,444	12,732,292	12,647,152	7,210,000	1,538,601	8,748,601	595,000	375,889	970,889	9,719,490	1.30
2022	25,379,444	12,732,292	12,647,152	7,385,000	1,284,876	8,669,876	600,000	368,658	968,658	9,638,534	1.31
2023	25,379,444	12,732,292	12,647,152	4,380,000	1,019,314	5,399,314	605,000	360,703	965,703	6,365,017	1.99
2024	25,379,444	12,732,292	12,647,152	4,390,000	889,301	5,279,301	615,000	352,008	967,008	6,246,309	2.02
2025	25,379,444	12,732,292	12,647,152	3,810,000	755,483	4,565,483	630,000	342,512	972,512	5,537,994	2.28
2026	25,379,444	12,732,292	12,647,152	2,930,000	625,608	3,555,608	635,000	332,327	967,327	4,522,935	2.80
2027	25,379,444	12,732,292	12,647,152	3,010,000	511,126	3,521,126	645,000	321,058	966,058	4,487,184	2.82
2028	25,379,444	12,732,292	12,647,152	3,025,000	404,089	3,429,089	655,000	308,346	963,346	4,392,435	2.88
2029	25,379,444	12,732,292	12,647,152	3,110,000	292,989	3,402,989	675,000	294,308	969,308	4,372,296	2.89
2030	25,379,444	12,732,292	12,647,152	2,575,000	176,201	2,751,201	690,000	279,015	969,015	3,720,216	3.40
2031	25,379,444	12,732,292	12,647,152	1,135,000	78,900	1,213,900	705,000	262,585	967,585	2,181,485	5.80
2032	25,379,444	12,732,292	12,647,152	770,000	33,688	803,688	720,000	245,090	965,090	1,768,777	7.15
2033	25,379,444	12,732,292	12,647,152				745,000	226,442	971,442	971,442	13.02
2034	25,379,444	12,732,292	12,647,152				760,000	206,686	966,686	966,686	13.08
2035	25,379,444	12,732,292	12,647,152				785,000	185,863	970,863	970,863	13.03
2036	25,379,444	12,732,292	12,647,152				805,000	163,958	968,958	968,958	13.05
2037	25,379,444	12,732,292	12,647,152				825,000	141,095	966,095	966,095	13.09
2038	25,379,444	12,732,292	12,647,152				855,000	117,109	972,109	972,109	13.01
2039	25,379,444	12,732,292	12,647,152				875,000	92,022	967,022	967,022	13.08
2040	25,379,444	12,732,292	12,647,152				900,000	65,972	965,972	965,972	13.09
2041	25,379,444	12,732,292	12,647,152				930,000	38,840	968,840	968,840	13.05
2042	25,379,444	12,732,292	12,647,152				830,000	12,492	842,492	842,492	15.01
				\$ 76,880,000	\$ 18,511,736	\$ 95,391,736	\$ 18,000,000	\$ 6,207,152	\$ 24,207,152	\$ 119,598,888	

(1) Includes self-supporting tax backed debt.

FYE 9/30	Total Revenue Debt			New Series Series 2016 (SWIFT)		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 3,385,000	\$ 1,805,494	\$ 5,190,494	\$ -	\$ -	\$ -
2017	3,525,000	1,673,746	5,198,746	90,000	37,064	127,064
2018	3,755,000	1,532,006	5,287,006	75,000	48,882	123,882
2019	3,995,000	1,386,711	5,381,711	75,000	48,226	123,226
2020	4,240,000	1,260,854	5,500,854	80,000	47,469	127,469
2021	4,420,000	1,111,791	5,531,791	80,000	46,597	126,597
2022	4,595,000	950,666	5,545,666	80,000	45,629	125,629
2023	2,420,000	777,704	3,197,704	80,000	44,573	124,573
2024	2,370,000	706,491	3,076,491	80,000	43,433	123,433
2025	2,525,000	633,273	3,158,273	85,000	42,173	127,173
2026	2,590,000	545,135	3,135,135	85,000	40,805	125,805
2027	2,660,000	452,929	3,112,929	85,000	39,309	124,309
2028	2,660,000	356,391	3,016,391	85,000	37,647	122,647
2029	2,735,000	256,241	2,991,241	90,000	35,799	125,799
2030	2,185,000	151,079	2,336,079	90,000	33,783	123,783
2031	740,000	66,063	806,063	95,000	31,603	126,603
2032	770,000	33,688	803,688	95,000	29,271	124,271
2033	-	-	-	100,000	26,789	126,789
2034	-	-	-	100,000	24,164	124,164
2035	-	-	-	105,000	21,400	126,400
2036	-	-	-	105,000	18,508	123,508
2037	-	-	-	110,000	15,492	125,492
2038				115,000	12,279	127,279
2039				115,000	8,944	123,944
2040				120,000	5,495	125,495
2041				125,000	1,863	126,863
2042						
	<u>\$ 49,570,000</u>	<u>\$ 13,700,261</u>	<u>\$ 63,270,261</u>	<u>\$ 2,345,000</u>	<u>\$ 787,191</u>	<u>\$ 3,132,191</u>

FYE 9/30	New Series Series 2017 (SWIFT)			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ -	\$ -	\$ -	\$ 3,385,000	\$ 1,805,494	\$ 5,190,494
2017	-	-	-	3,615,000	1,710,810	5,325,810
2018	585,000	257,828	842,828	3,830,000	1,580,888	5,410,888
2019	505,000	339,830	844,830	4,070,000	1,434,937	5,504,937
2020	510,000	334,880	844,880	4,320,000	1,308,322	5,628,322
2021	515,000	329,292	844,292	4,500,000	1,158,388	5,658,388
2022	520,000	323,029	843,029	4,675,000	996,295	5,671,295
2023	525,000	316,131	841,131	2,500,000	822,276	3,322,276
2024	535,000	308,576	843,576	2,450,000	749,924	3,199,924
2025	545,000	300,338	845,338	2,610,000	675,446	3,285,446
2026	550,000	291,523	841,523	2,675,000	585,940	3,260,940
2027	560,000	281,749	841,749	2,745,000	492,238	3,237,238
2028	570,000	270,699	840,699	2,745,000	394,038	3,139,038
2029	585,000	258,509	843,509	2,825,000	292,040	3,117,040
2030	600,000	245,232	845,232	2,275,000	184,862	2,459,862
2031	610,000	230,982	840,982	835,000	97,666	932,666
2032	625,000	215,819	840,819	865,000	62,959	927,959
2033	645,000	199,653	844,653	100,000	26,789	126,789
2034	660,000	182,523	842,523	100,000	24,164	124,164
2035	680,000	164,463	844,463	105,000	21,400	126,400
2036	700,000	145,451	845,451	105,000	18,508	123,508
2037	715,000	125,603	840,603	110,000	15,492	125,492
2038	740,000	104,830	844,830			
2039	760,000	83,078	843,078			
2040	780,000	60,477	840,477			
2041	805,000	36,978	841,978			
2042	830,000	12,492	842,492			
	\$ 15,655,000	\$ 5,419,961	\$ 21,074,961	\$ 51,440,000	\$ 14,458,872	\$ 65,898,872

City of Bryan, Texas
Calculation of Net Revenues

Revenues	<u>25,273,166</u>
Interest	<u>106,278</u>
Gross Revenues	<u>25,379,444</u>
Expenses	18,125,885
Less: Depreciation	<u>(5,393,593)</u>
Operating Expenses	<u>12,732,292</u>
Net Revenues	12,647,152
Projected MADS Revenue Debt Service	5,671,295
Additional Bonds Test	2.23x
Minimum Requirement	1.25x
Result of Additional Bonds Test	PASS

C46

	For Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
OPERATING REVENUES:					
Water Sales	\$ 12,390,019	\$ 11,678,692	\$ 12,723,839	\$ 12,879,376	\$ 14,281,996
Sewer System	12,883,147	12,496,697	12,429,017	13,072,233	13,112,105
Other	-	-	-	-	-
Total Operating Revenues	<u>\$ 25,273,166</u>	<u>\$ 24,175,389</u>	<u>\$ 25,152,856</u>	<u>\$ 25,951,609</u>	<u>\$ 27,394,101</u>
OPERATING EXPENSES:					
Personnel services	\$ 4,712,573	\$ 4,396,005	\$ 4,898,406	\$ 4,446,001	\$ 4,402,686
Maintennace	1,827,277	1,361,186	1,372,870	1,586,572	1,417,887
Other services and charges	3,340,030	3,040,138	3,782,981	4,171,643	4,951,617
Other expenses	590,111	625,233	620,515	675,386	966,402
General and administrative	2,262,301	2,855,524	1,480,079	1,814,962	628,580
Total Operating Expenses	<u>\$ 12,732,292</u>	<u>\$ 12,278,086</u>	<u>\$ 12,154,851</u>	<u>\$ 12,694,564</u>	<u>\$ 12,367,172</u>
OPERATING INCOME:	\$ 12,540,874	\$ 11,897,303	\$ 12,998,005	\$ 13,257,045	\$ 15,026,929
TRANSFERS AND OTHER:					
Interest income	\$ 145,864	\$ 103,389	\$ 91,842	\$ 170,563	\$ 239,262
Interest expense	(1,556,963)	(2,422,167)	(2,801,380)	(2,980,535)	(3,164,372)
Other	529,754	800,477	1,188,446	763,685	970,524
Capital Contributions		1,784,937	-	1,173,074	979,666
Transfers in	2,755,942	66,780	574,378	1,962,945	180,595
Transfers (out)	(1,286,713)	(1,253,056)	(1,757,250)	(1,356,668)	(3,113,432)
NET INCOME	<u>\$ 13,128,758</u>	<u>\$ 10,977,663</u>	<u>\$ 10,294,041</u>	<u>\$ 12,990,109</u>	<u>\$ 11,119,172</u>

Excludes Depreciation.

CITY OF BRYAN, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2015

Prepared by

Fiscal Services Department
Joe Hegwood, Chief Financial Officer

CITY OF BRYAN, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended September 30, 2015

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March 24, 2016

Honorable Mayor, Members of the City Council,
City Manager, and Citizens of the City of Bryan, Texas

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Bryan (the "City") for the fiscal year ended September 30, 2015. The purpose of this report is to provide the Council, management, staff, the public, and other interested parties with detailed information reflecting the City's financial condition. The Texas Local Government Code (§103.001) requires an annual audit of municipalities. The City has complied with this requirement and the auditor's report is included.

The City's independent auditor, Weaver and Tidwell, L.L.P., has issued an unqualified or "clean" opinion on the City of Bryan's financial statement for the year ended September 30, 2015. An unqualified opinion represents the highest level of audit assurance issuable for financial statements. The independent auditor's report is located at the front of the financial section of this report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, which is based upon a comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Bryan, incorporated in 1871, is located in east central Texas approximately 100 miles northwest of Houston and approximately 90 miles east of Austin in an area referred to as the Brazos Valley. Bryan serves as the county seat for Brazos County. The City and the City of College Station to the south, which share common borders, are home to the Texas A&M University System. The City encompasses approximately 43.7 square miles and has an estimated population of 80,913.

The City is a home rule city operating under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which is comprised of the mayor and six other members. Five of the council members are elected by district. The mayor and one council member are elected at-large. The city manager is appointed by the City Council and is responsible for the daily management of the City.

The City Council annually enacts a budget through passage of an appropriation ordinance prior to the start of each fiscal year. The budget serves as the foundation for the City's financial planning and control. Annual budgets are prepared for all governmental funds including the general fund, debt service fund, and special revenue funds.

CITY OF BRYAN, TEXAS

The City provides the full range of municipal services contemplated by statute or charter. These services include police, fire and emergency medical services, parks and recreational facilities and programs, library services, street maintenance and construction, public improvements, general administrative services, electrical, water, sewer and solid waste systems. Internal services of the City accounted for on a cost reimbursement basis are general warehouse operations, risk management services, and employee health and disability insurance programs. The City also is financially accountable for Bryan Commerce and Development, Inc. (BCD), a local government corporation and the economic development arm of the City of Bryan.

FACTORS AFFECTING FINANCIAL CONDITION

Bryan continued its strong growth trajectory during the fiscal year, realizing increases in current sales taxes and property values. While oil and gas revenues saw significant increases in fiscal year 2014, falling market prices resulted in declines in fiscal year 2015. Despite this decrease, overall governmental revenues were up 4.7% over the previous year. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. Texas A&M University, with a student enrollment of more than 59,000 and over 22,000 full and part-time employees, ranks among the nation's largest individual campuses and dominates the Bryan-College Station area. Additionally, Blinn College, a two year academic institution, has a campus in Bryan with a student enrollment of over 12,000. In 2015, Blinn purchased an additional 94 acres in west Bryan for the expansion of campus facilities. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, higher education and health care. Five of the top ten employers in the area fall into these classifications.

Historically, the Bryan-College Station area's unemployment rate has been among the lowest in the state and that trend continues. As of September 2015, the unemployment rate for the Bryan-College Station area was 3.5% compared to 4.5% state-wide.

MAJOR INITIATIVES

In September 2014, Texas Governor Rick Perry, Texas A&M University System Chancellor John Sharp and officials from the U.S. Department of Health and Human Services (HHS), State of Texas, and biopharmaceutical company GSK dedicated a national pandemic influenza vaccine manufacturing facility in Bryan, Texas, which when complete will serve as an anchor for the Research Valley BioCorridor. The facility is on track for a 2016 start-up.

The Research Valley BioCorridor had its beginning in 2011 when the Cities of Bryan and College Station adopted an inter-local agreement (ILA) for its creation. The purpose of the BioCorridor is to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the Cities. The ILA outlines a number of ways the Cities will work together to create and manage an environment conducive for development and growth of the BioCorridor. The agreement applies to four tracts of land totaling approximately 196 acres owned by Bryan Commerce and Development, of which approximately 147 acres are located in College Station.

Some highlights of the agreement include:

CITY OF BRYAN, TEXAS

- Joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor
- Creation of joint development standards
- Ad valorem revenue sharing on real and personal properties
- Sewer service to be provided by Bryan; Water service to be provided by College Station
- A swap of exclusive sewer service territories that enables each city to more effectively provide service due to terrain and proximity to existing sewer systems

In June 2012, Texas A&M received a contract to develop one of three U.S. Department of Health and Human Services National Centers for Innovation in Advanced Development and Manufacturing. Under the Centers for Innovation in Advanced Development and Manufacturing contract, Texas A&M University System will be responsible for developing and procuring medical countermeasures that address the public health and medical consequences of chemical, biological, radiological and nuclear incidents, pandemic influenza and emerging infectious diseases. The \$285.6 million contract includes an initial investment of \$176.6 million from the U.S. government with the remainder cost-shared by commercial and academic proposal partners. The build-out of the Research Valley BioCorridor is expected to provide a major economic boost to Bryan and College Station as well as the Brazos Valley for many years to come.

In late 2014, the City completed its development of infrastructure supporting the Research Valley BioCorridor. Projects completed include a regional lift station, expansion of the gravity sewer system and an extension of the HSC Parkway to Hwy 47. These projects, along with an overpass completed in 2013 at the intersection of Hwy 47 and HSC Parkway provide critical support to the Research Valley BioCorridor.

In 2014, Axis Pipe & Tube commenced commercial operations in Texas Triangle Park. Axis Pipe & Tube, the largest manufacturing operation in the Brazos County, produces steel pipe, structural steel and tubular steel products. In 2013, the City, as a partner with Brazos County in the City of Bryan and Brazos County Economic Development Foundation, signed a development agreement with Axis Pipe & Tube bringing the \$120 million manufacturing facility to the county. In 2015, Axis Pipe and Tube added an additional 100 acres to its operations. The facility is expected to ultimately employ at least 285 full time employees. Texas Triangle Park is a master-planned, rail served industrial park located in the extra territorial jurisdiction (ETJ) of Bryan. The addition of Axis Pipe and Tube to Texas Triangle Park has been a catalyst for growth and significant economic benefit to the region.

LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year financial forecast to ensure that current revenue and spending commitments are sustainable. Economic development efforts in prior years have resulted in significant cash in-flows for the City in recent years. The sale of land in the Traditions development, sales of the City's LaSalle Hotel and Annex building and other sales have produced over \$9.0 million in "one-time" revenue since 2013. The resulting inflows, along with the City's continued attention to cost control have significantly increased the General Fund's ending fund balance which is approximately 175 days of average operating costs. In 2015, City Council set a target of 100 days of operating cash. Specific one-time parks and recreation projects were approved for spending in 2016 which address a portion of the operating funds over the target. City Council also recently approved the establishment of Capital Reserve and Oil and Gas funds to capture future one-time revenues to be directed to specific one-time projects. Through careful planning, City Council is helping to ensure the sustained long-term financial health of the City.

CITY OF BRYAN, TEXAS

In 2015, staff developed and received City Council approval on a five-year Capital Improvement Program (CIP). This five year CIP is a plan for both long-term and short-term capital needs. Debt payments are structured so that capital assets funded by debt have a longer life than the debt associated with those assets. The City employs an objective, analytical approach to determine whether new debt can be assumed each year.

The City issued no new debt in 2015, resulting in a net \$26.0 million reduction in governmental and business-type debt due to normally scheduled debt service payments. Additionally, the City issued \$19.5 million in general obligation refunding bonds in July 2015, which enabled the retirement of higher interest debt at a savings of over \$2.7 million. Future debt issues and operational expenses related to improvements will be funded with growth in revenues generated by increases in property valuations and improved efficiencies within City operations. The electric, water, and wastewater systems will continue their capital improvement programs with the issuance of bonds supported by utility revenues as deemed necessary.

RELEVANT FINANCIAL POLICIES

The City's fund balance/operating reserves policies continue to be an important factor in planning decisions. The City has specific reserves policies for its major funds based on fund risks. The policies state that the City will maintain an unassigned fund balance equal to at least 60 days of operating budget for the general fund and most other funds and at least 90 days of reserves in the City electric fund to be used for unanticipated emergencies. As noted above, the City also set a target balance of 100 days for the general fund. The funds available through these policies will assist the City in avoiding cash flow interruptions, generate investment income, reduce the need for short term borrowing, and assist in maintaining an investment-grade debt rating.

The City of Bryan invests funds prudently and has adopted an investment policy, which is reviewed annually by the City Council as prescribed by law. The City Council has appointed an Investment Committee charged with monitoring staff adherence to the investment policy and providing investment advice. Staff provides a quarterly report of investments for the Investment Committee to review. The City's investment practice is to buy securities and hold to maturity to avoid potential losses from a sale. During Fiscal Year 2015, the City complied with all aspects of the investment policy.

AWARDS AND ACKNOWLEDGMENTS

In 2015, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for last years' Comprehensive Annual Financial Report (CAFR). To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. City staff believes the current CAFR continues to meet the Certificate of Achievement requirements and it will be submitted to the GFOA to determine eligibility for another certificate. The City also received awards for its annual budget document and investment policy during the last year. In January 2016, the City was awarded the Government Treasurers' Organization of Texas' Certificate of Distinction for its investment policy, and in March 2015, the City was awarded the Distinguished Budget Presentation Award from the GFOA.

The preparation of this report is made possible by the dedicated services of the entire staff of the Fiscal Services Department and our independent auditors. We express sincere appreciation to all employees who

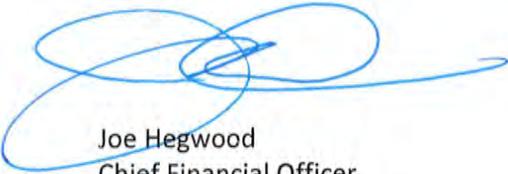
CITY OF BRYAN, TEXAS

contributed to its preparation. We also appreciate the leadership and support of the Mayor and City Council, without which this report would not be possible.

Respectfully submitted,



Kean Register
City Manager



Joe Hegwood
Chief Financial Officer



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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bryan
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

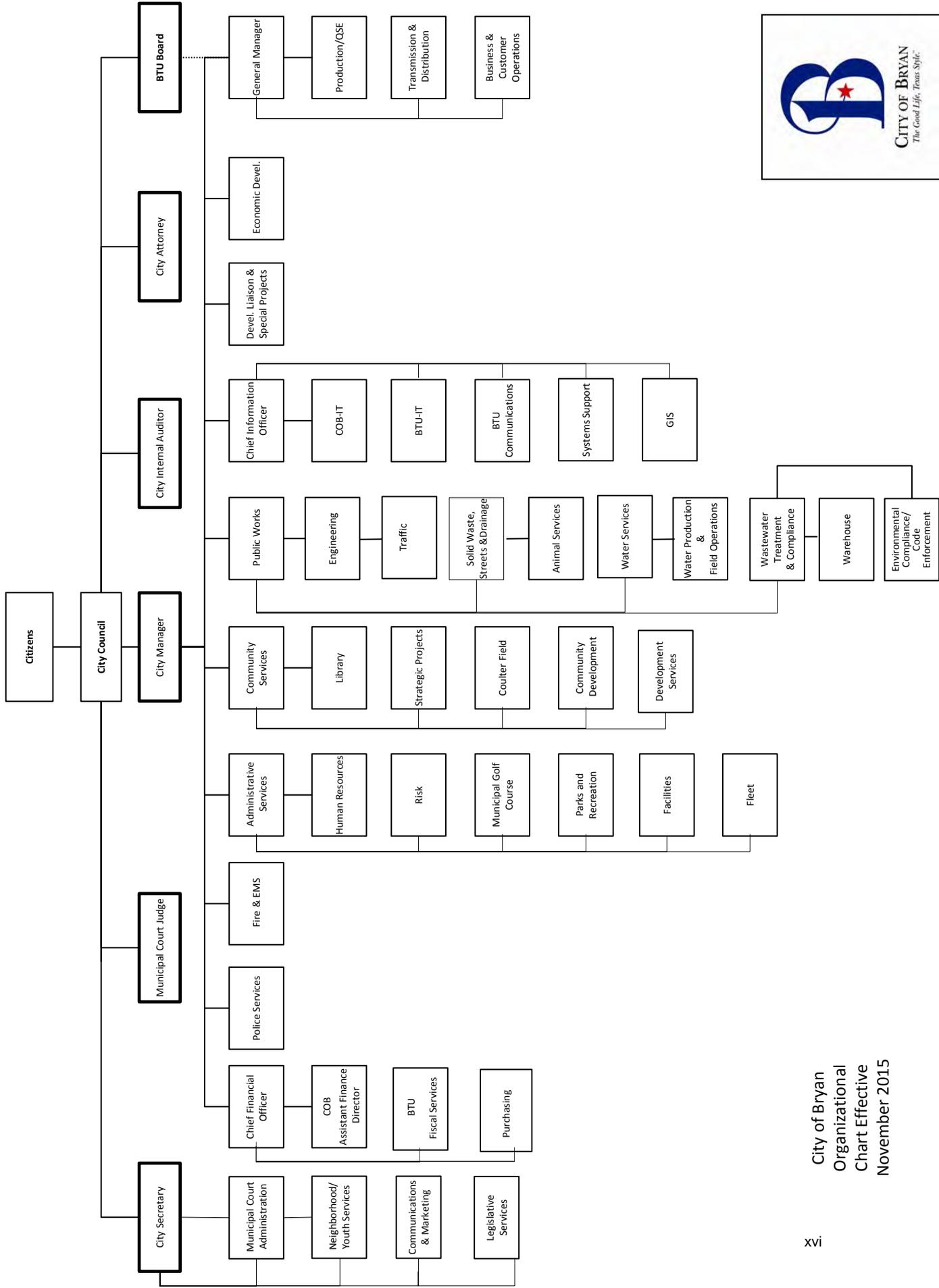
PRINCIPAL OFFICIALS

GOVERNING BODY:

Jason P. Bienski	Mayor
Greg Owens	Mayor Pro Tem
Al Saenz	City Council
Rafael Pena, III	City Council
Ben Hardeman	City Council
Mike Southerland	City Council
Sheldon "Buppy" Simank	City Council

OTHER PRINCIPAL OFFICIALS:

Kean Register	City Manager
Hugh Walker	Deputy City Manager – Support Services
Joseph Dunn	Deputy City Manager – Community Services
Janis Hampton	City Attorney
Mary Lynne Stratta	City Secretary
Joe Hegwood	Chief Financial Officer
Gary Miller	General Manager – Electric Utilities Services
Jayson Barfknecht	Public Works Director
Eric Buske	Police Chief
Randy McGregor	Fire Chief



City of Bryan
 Organizational
 Chart Effective
 November 2015



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Bryan, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Bryan Business Council, Inc. (BBC), the discretely presented component unit of the City. We also did not audit the financial statements of the Brazos Valley Solid Waste Management Agency, Inc. (BVSWMA), a joint venture of the City, representing \$13,588,808 of the assets and \$679,322 of the income of the business-type activities and aggregate remaining fund information of the City. The financial statements of BBC and BVSWMA were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for BBC and BVSWMA, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of BBC and BVSWMA were not audited in accordance with *Government Auditing Standards*.

To the Honorable Mayor and
Members of City Council
City of Bryan, Texas

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bryan, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, the City has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Beginning net position on the government-wide Statement of Activities and on the proprietary funds Statement of Revenues, Expenses and Changes in Net Position has been restated to reflect the effect of implementation of these statements. Our opinion is not modified with respect to this matter.

To the Honorable Mayor and
Members of City Council
City of Bryan, Texas

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, Schedule of Required Contributions – Texas Municipal Retirement System, and Schedule of Changes in the City's Net Pension Liability and Related Ratios – Texas Municipal Retirement System be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the combining and individual nonmajor fund statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

To the Honorable Mayor and
Members of City Council
City of Bryan, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, TX
March 14, 2016

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2015
(Unaudited)

As management of the City of Bryan, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages viii -xii of this report.

Financial Highlights

Government-wide financial statements

- assets exceed liabilities by \$504,316,454 (net position)
- unrestricted net position was \$92,913,733; these funds may be used to meet ongoing obligations to citizens and creditors
- total net position increased by \$28,060,209
- total debt decreased by \$26,025,000 or 6.7%
 - \$19,480,000 in general obligation refunding bonds were issued during FY 15 in order to reduce interest costs on current outstanding debt. These general obligation bonds along with the offering premium refunded \$12,150,000 in general obligation bonds and \$7,980,000 in Electric System revenue bonds.
 - \$25,375,000 in additional outstanding debt was retired. Total debt retired during FY 15, including the refunded bonds was \$45,505,000.
 - \$26,845,674 of outstanding debt is due within one year as of September 30, 2015.

Fund Financial Statements

- governmental funds reported combined ending fund balances of \$68,323,317
 - an increase of \$6,471,146 in fund balances is due primarily to higher tax revenues, one time land sale revenues and sales of capital assets
 - approximately \$30,612,358 or 44.8% is available for spending at the City's discretion (unassigned fund balance)
- General Fund unassigned fund balance was \$30,621,712 or 53.7% of total general fund expenditures during FY 15

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve, to some extent, as an indicator of whether the City's financial position is improving or deteriorating.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2015
(Unaudited)

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement may be for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities describe services provided by the City and include general government, development services, public works (streets and drainage), public safety, and cultural and recreational (parks and recreation, library service, and other community service activities). The business-type activities of the City include electric generation, distribution and transmission, water supply and distribution, wastewater collection and treatment, solid waste collection, and a general purpose airport.

The government-wide financial statements include not only the City itself (known as the "primary government"), but also Bryan Business Council, Inc., a legally separate economic development corporation, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Bryan Texas Utilities' qualified scheduling entity (BTU QSE Services, Inc.) and Bryan Commerce and Development, Inc. are also legally separate functions, but for all practical purposes operate as departments of the City of Bryan, and therefore have been included as an integral part of the primary government. For reporting purposes, BTU QSE Services, Inc. is combined with the City Electric System. Included in Note 1 of the financial statements are separate Condensed Statements of Net Position and Condensed Statements of Revenues, Expenditures, and Changes in Net Position for BTU QSE Services, Inc.

The government-wide financial statements can be found on pages 24-26 of this report.

Fund Financial Statements. The financial statements are prepared on the basis of funds. A fund is a self balancing grouping of related accounts that is used to report and maintain control over resources that have been segregated for specific activities or objectives. The City of Bryan, like other state and local governments, uses fund accounting to demonstrate and ensure compliance with finance-related legal and local policy requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2015
(Unaudited)

Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial activities. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City currently maintains twenty-four (24) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds (2). Data from eleven (11) special revenue funds, two (2), capital project funds, and nine (9) permanent funds have been combined into one single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Bryan adopts an annual appropriation budget for its General Fund, Debt Service Fund and special revenue funds. Individual fund budgetary comparison schedules are provided in the Required Supplementary and the Supplementary sections of this report (starting on page 97).

The basic governmental fund financial statements can be found on pages 28-31 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds, enterprise funds and internal service funds, and adopts an annual appropriation budget for each. The City's ten (10) proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses seven (7) enterprise funds to account for its city electric, rural electric, water, wastewater, solid waste, economic development corporation and airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses three (3) internal service funds to account for its warehouse operations, self-insurance operations and employee benefits trust fund.

Proprietary funds provide the same types of information as the government-wide financial statements. The proprietary fund financial statements provide separate information in the Proprietary Fund Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows for the city electric, rural electric, water and wastewater systems, all of which are considered major funds of the City. Data from three (3) non-major enterprise funds have been combined into one single, aggregated presentation in the proprietary fund financial statements. All internal service funds are also combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the aggregated proprietary funds and the internal service funds is provided in the form of combining statements in the Supplementary section of this report (starting on page 103).

The basic proprietary fund financial statements can be found on pages 32-37 of this report.

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2015
(Unaudited)

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statement can be found on page 38 of this report.

Notes to the Financial Statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-96 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget. Required supplementary information can be found on pages 97-101 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 106-138 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bryan, assets exceed liabilities by \$504,316,454 as of September 30, 2015.

The adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, amends the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to governmental employers that account for pensions that are provided through trusts, or equivalent arrangements. Employers are required to report the difference between the actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions.

Also adopted for FY 15, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68* addresses an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement, in conjunction with GASB Statement No. 68 requires restatement of net position as of October 1, 2014 as follows:

City of Bryan, Texas

Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2015
(Unaudited)

	Governmental Activities		Business Type Activities	
Net Position, beginning of period - as previously reported	\$	117,589,868	\$	385,528,131
Net pension liability		(21,484,900)		(11,948,356)
Reverse net pension obligation as reported 9/30/14		4,417,571		2,453,427
Reverse pension accrual in Construction-in-Progress*		-		(299,496)
Net Position, beginning of period - as restated	\$	100,522,539	\$	375,733,706

For more information on this restatement, please see Note 1.

The largest portion of the City's net position \$349,009,941, or 69.2%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and improvements), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the City's net position \$62,392,780, or 12.4%, represents resources that are subject to external restrictions on their usage. The remaining balance of unrestricted net position, \$92,913,733 or 18.4%, may be used to meet the government's ongoing obligations to citizens and creditors. At the end of FY 15, the City of Bryan was able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

City of Bryan's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 81,901,112	\$ 73,523,290	\$ 191,857,934	\$ 213,941,920	\$ 273,759,046	\$ 287,465,210
Capital assets	151,505,157	157,659,865	533,751,076	517,413,723	685,256,233	675,073,588
Total assets	<u>233,406,269</u>	<u>231,183,155</u>	<u>725,609,010</u>	<u>731,355,643</u>	<u>959,015,279</u>	<u>962,538,798</u>
Deferred outflows	6,612,784	1,850,603	21,157,300	17,191,503	27,770,084	19,042,106
Non-current liabilities	110,209,138	96,893,545	295,087,340	302,355,778	405,296,478	399,249,323
Other liabilities	18,954,449	18,550,345	49,629,357	55,206,857	68,583,805	73,757,202
Total liabilities	<u>129,163,587</u>	<u>115,443,890</u>	<u>344,716,697</u>	<u>357,562,635</u>	<u>473,880,283</u>	<u>473,006,525</u>
Deferred inflows	881,500	-	7,707,125	5,456,380	8,588,625	5,456,380
Net position:						
Net investment in						
capital assets	68,002,663	67,019,218	281,007,278	269,168,669	349,009,941	336,187,887
Restricted	22,972,793	23,068,934	39,419,987	34,139,444	62,392,780	57,208,378
Unrestricted	18,998,510	27,501,716	73,915,223	82,220,018	92,913,733	109,721,734
Total net position*	<u>\$ 109,973,966</u>	<u>\$ 117,589,868</u>	<u>\$ 394,342,488</u>	<u>\$ 385,528,131</u>	<u>\$ 504,316,454</u>	<u>\$ 503,117,999</u>
Restated amounts	-	(17,067,329)	-	(9,794,425)	-	(26,861,754)
Total net position as restated*	<u>\$ 109,973,966</u>	<u>\$ 100,522,539</u>	<u>\$ 394,342,488</u>	<u>\$ 375,733,706</u>	<u>\$ 504,316,454</u>	<u>\$ 476,256,245</u>

*Note: Restatement of FY14 Net Position, reference Note 1.

The \$28,060,209 increase to \$504,316,454 in total net position is due to increases in business-type activities as well as governmental activities. The net position of business type activities increased \$18,608,782 due primarily to the excess of operating revenues over expenses in the Electric, Rural Electric, Water, Wastewater and land sales in the Bryan Commerce and Development fund. The net

City of Bryan, Texas

Management's Discussion and Analysis
 For the Fiscal Year Ended September 30, 2015
 (Unaudited)

\$18,608,782 due primarily to the excess of operating revenues over expenses in the Electric, Rural Electric, Water, Wastewater and land sales in the Bryan Commerce and Development fund. The net position of the Governmental Activities increased by \$9,451,427 primarily as a result of program and general revenues plus transfers in exceeding expenses. The net effect of the restatement amounts is reflected in the changes to net position and are outlined in the above table and discussed in Note 1 of the financial statements.

A decrease of \$16,808,001 to \$92,913,733 in the City's total unrestricted net position is due to an increase in investments in capital assets as well as the restatement due to GASB Statements No. 68 and No. 71. The unrestricted net position of the Business-Type Activities decreased by \$8,304,795 to \$73,915,223. The unrestricted net position of the Governmental Activities decreased by \$8,503,206 to \$18,998,510. As previously stated, the net effect of the restated amounts from FY 14 are outlined in the above table.

City of Bryan's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 6,926,299	\$ 6,828,230	\$ 261,421,051	\$ 252,053,246	\$ 268,347,350	\$ 258,881,476
Operating grants and contributions	2,769,647	2,490,517	-	-	2,769,647	2,490,517
Capital grants and contributions	2,049,078	1,661,849	2,755,942	1,784,937	4,805,020	3,446,786
General revenues:						
Property taxes	28,039,989	25,765,716	-	-	28,039,989	25,765,716
Other taxes	21,683,058	21,834,534	-	-	21,683,058	21,834,534
Other	10,589,029	10,230,726	4,273,025	3,096,044	14,862,054	13,326,770
Total revenues	<u>72,057,100</u>	<u>68,811,572</u>	<u>268,450,018</u>	<u>256,934,227</u>	<u>340,507,117</u>	<u>325,745,799</u>
Expenses:						
General Government	9,775,235	11,862,123	-	-	9,775,235	11,862,123
Development Services	5,403,697	5,265,275	-	-	5,403,697	5,265,275
Public Works Services	16,894,814	14,180,817	-	-	16,894,814	14,180,817
Public Safety	33,648,379	33,069,954	-	-	33,648,379	33,069,954
Cultural and Recreational	8,374,038	8,332,012	-	-	8,374,038	8,332,012
Interest on long-term debt	3,299,163	3,548,311	-	-	3,299,163	3,548,311
Electric	-	-	171,705,349	170,664,644	171,705,349	170,664,644
Rural electric	-	-	36,214,517	33,312,663	36,214,517	33,312,663
Water	-	-	9,841,218	9,761,250	9,841,218	9,761,250
Wastewater	-	-	9,935,489	10,272,703	9,935,489	10,272,703
Other	-	-	7,860,010	7,851,301	7,860,010	7,851,301
Total expenses	<u>77,395,326</u>	<u>76,258,492</u>	<u>235,556,583</u>	<u>231,862,561</u>	<u>312,951,909</u>	<u>308,121,053</u>
Increase (decrease) in net position before transfers and special items	(5,338,226)	(7,446,920)	32,893,435	25,071,666	27,555,208	17,624,746
Special items - sale of plant equipment	-	-	505,000	2,493,174	505,000	2,493,174
Net Transfers	14,789,653	12,138,907	(14,789,653)	(12,138,907)	-	-
Increase (decrease) in net position	9,451,427	4,691,986	18,608,782	15,425,933	28,060,208	20,117,920
Net position - October 1*	100,522,539	112,897,882	375,733,706	370,102,198	476,256,245	483,000,080
Net position - September 30	<u>\$ 109,973,966</u>	<u>\$ 117,589,868</u>	<u>\$ 394,342,488</u>	<u>\$ 385,528,131</u>	<u>\$ 504,316,453</u>	<u>\$ 503,118,000</u>
Restated amounts	-	(17,067,329)	-	(9,794,425)	-	(26,861,754)
Total net position as restated*	<u>\$ 109,973,966</u>	<u>\$ 100,522,539</u>	<u>\$ 394,342,488</u>	<u>\$ 375,733,706</u>	<u>\$ 504,316,454</u>	<u>\$ 476,256,245</u>

*Note: Restatement of FY14 Net Position, reference Note 1.

City of Bryan, Texas

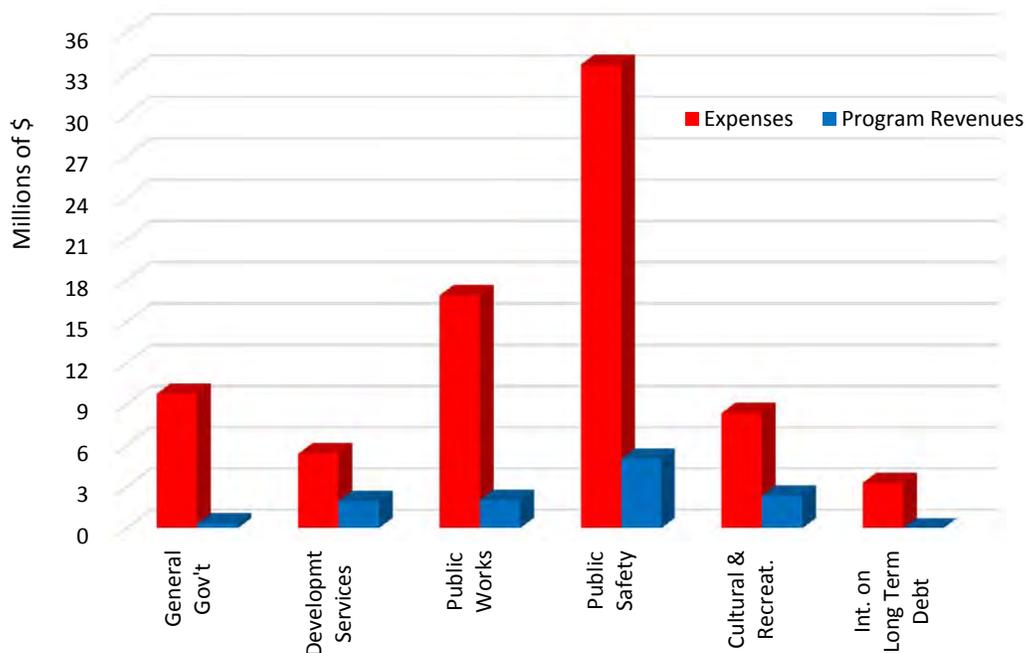
Management's Discussion and Analysis
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Governmental Activities. Total governmental activity revenues increased in FY15 from FY14 by \$3,245,528 or 4.7% to \$72,057,100. Several factors contributed to this increase in FY15. Property tax revenues increased by \$2,274,273, or 8.8%. Capital grants and contributions increased by \$387,229, or 23.3% in FY15 over FY14 revenues. During FY15, other revenues (including transportation and drainage assessments, investment earnings, and miscellaneous items) increased in total by \$358,303 or 3.5%.

The Government Wide presentation of expenses attempts to consolidate all revenues and expenses on a basis similar to a private business. This presentation removes capital spending and principal payments (see note 4 for capital assets of the governmental activities) and allocates expenses of internal service activities to all related parties. Governmental activities expenses increased in FY15 as compared to FY14 by \$1,136,834 to \$77,395,326. The major changes in this category were:

- Public safety expenses increased \$578,425 in FY15 when compared to FY14. This increase is primarily due to added firefighter positions and training costs.
- Public Works expenses increased by \$2,713,997 or 19.1%. This increase is attributable to increased street maintenance FY15. Street maintenance expenditures in the Street Improvement fund increased \$2,608,520 from FY14 to FY15.
- These increases are partially offset by savings in other categories.

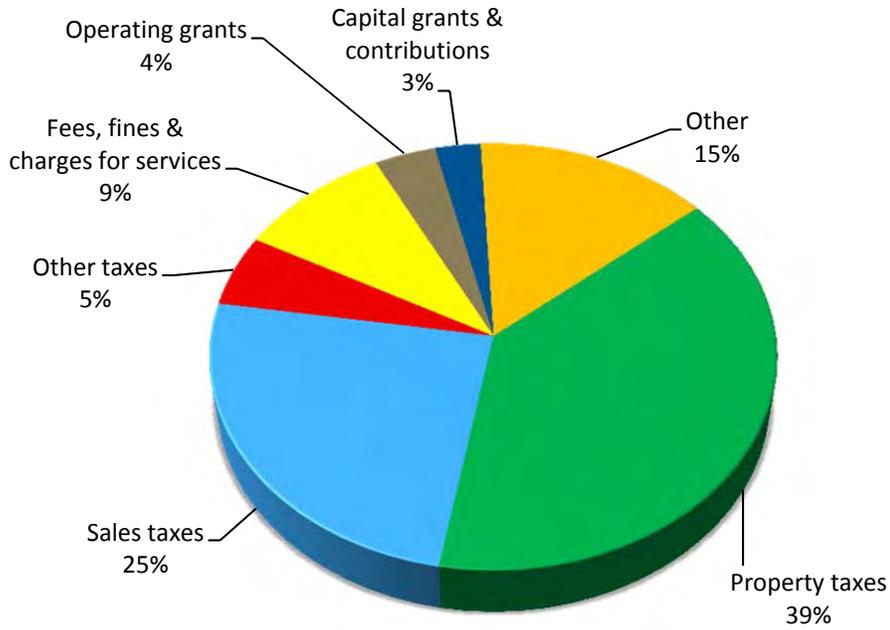
Expenses and Program Revenues - Governmental Activities



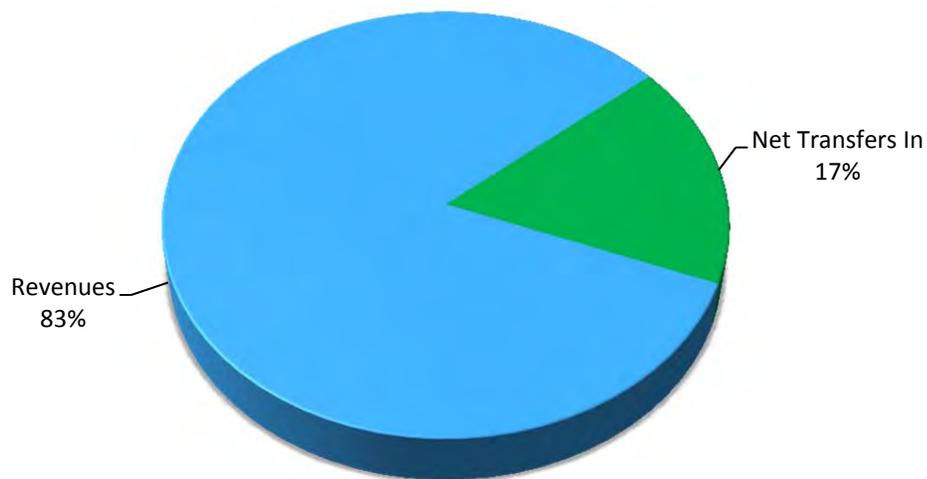
City of Bryan, Texas

Management's Discussion and Analysis
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(Unaudited)

Revenues by Source - Governmental Activities



All Governmental Resources



City of Bryan, Texas

Management's Discussion and Analysis
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(Unaudited)

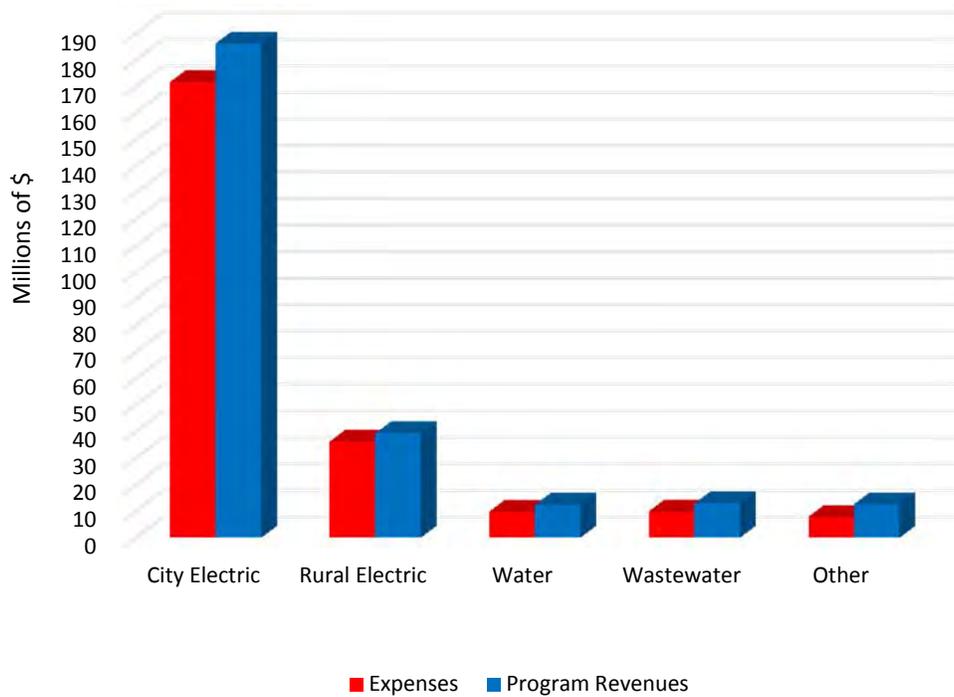
Business-type Activities. Business-type activities net position increased by \$18,608,782, or 5.0%, to \$394,342,488 in FY15. Charges for services for business-type activities increased \$9,367,805, or 3.7%, to \$261,421,051, while expenses increased \$3,694,022, or 1.6%, to \$235,556,583. Key elements of the variances are as follows:

- For the City and Rural Electric Systems, combined charges for services for FY15 and FY14 were \$223,539,164 and \$219,651,541 respectively, an increase of 1.8%. The slight increase in revenues for City and Rural Electric are primarily due to higher base rates, customer growth, higher usage due to weather, and larger transmission cost of service revenue during the fiscal year ended September 30, 2015. These higher revenues were offset by lower fuel revenues on both the wholesale and retail markets. Combined City and Rural Electric expenses for FY15 and FY14 were \$207,919,866 and \$203,977,307 respectively, an increase of 1.9%. Combined net position for the electric systems for the year ended September 30, 2015 was \$232,969,665 of which \$51,995,185 is available to meet ongoing obligations.
- Water system charges for services showed an increase in FY15 of \$711,327, or 6.1%, to \$12,390,019 due to lower summer rainfall in FY15 as well as increased wholesale water sales. Water system expenditures increased slightly by \$79,968, or 0.1% in FY15. FY15 ending net position for the Water system was \$62,831,047 of which \$7,812,750 is available to meet ongoing obligations.
- Net position of the Wastewater system at FY15 year end was \$66,927,750, of which \$10,532,496 was available to meet ongoing obligations. Wastewater system charges for services increased by \$386,450 or 3.1%. Expenses for FY15 were \$9,935,489, a decrease from FY14 of \$337,214 or 3.3%.

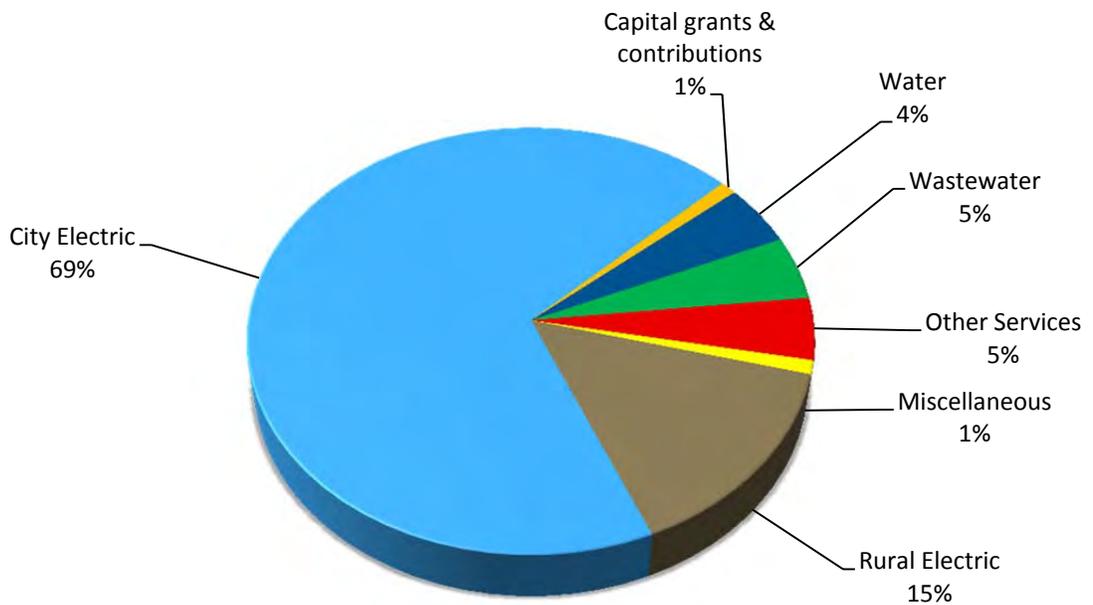
City of Bryan, Texas

Management's Discussion and Analysis
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Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-Type Activities



City of Bryan, Texas

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(Unaudited)

Financial Analysis of the City's Funds

As noted earlier, the City of Bryan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements can be found starting on page 106 of this report.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund. The General Fund is the primary governmental fund of the City of Bryan. The fund balance of the General Fund increased by \$7,189,233, during FY15 compared to an increase of \$5,718,276 in FY14. Revenues of the fund increased \$257,609 and expenditures increased by \$2,905,932. Expenditures were in excess of revenues by \$8,891,412. Transfers in increased by \$2,915,306 and transfers out increased by \$375,502. FY15 transfers in and out of the fund netted \$14,488,911. Sales of capital assets increased in FY15 over FY14 by \$1,579,476. Net transfers and sale of capital assets both helped offset the excess of expenditures over revenues. Some items to note in the General Fund are:

- Property tax revenues to the General Fund increased by \$1,225,978 or 7.3% to \$18,090,087 due to increased property values.
- Other revenues for the year, which includes oil and gas leases and royalties, decreased in FY15 over FY14 by \$927,756 or 43.5%.
- Investment earnings in FY15 increased by \$123,363 or 99.0% due to slightly increased investment rates.
- Capital outlay increased in FY15 by \$1,640,775 or 128.4% due to public safety vehicle purchases including ambulance purchases and new police and municipal court vehicles.
- Public safety non capital expenditures increased in FY15 by \$804,500, or 2.7%. This was mainly due to salaries and benefits increasing by \$963,620 or 3.6%. Savings in other public safety expenditures partially offset this increase in payroll expenses.
- Cultural and recreational expenditures increased by \$195,053 or 3.1%. Increases in payroll and parks maintenance contributed to this year over year increase.

Debt Service Fund. The Debt Service Fund ended the fiscal year with a total fund balance of \$6,080,301, compared to \$6,128,399 at the end of FY14. All of the fund balance is restricted for the payment of debt. Tax revenues in the Debt Service Fund increased by \$102,417 or 1.4% to \$7,574,218. Debt service payments from the fund totaled \$10,512,311 with debt issuance costs totaling \$67,859. The additional debt service is supported by transfers from TIRZ 10, TIRZ 19, TIRZ 22 and the General Fund in the amount of \$2,418,836.

Other Governmental Funds. The Other Governmental Funds include the Special Revenue Funds, Capital Project Funds, and Permanent Funds. The total fund balance in Other Governmental Funds decreased in FY15 over FY14 by \$669,989, or 2.4% to \$26,874,611.

City of Bryan, Texas

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Special Revenue Funds. The City's special revenue funds include the Grant Fund, Community Development fund, Hotel Tax fund, Tax Increment Reinvestment Zones (TIRZ), and some special assessment funds. The fund balances in the special revenue funds increased by \$133,026, or 0.1%, in FY15.

- The Community Development Fund provides programs and services to low and moderate income persons. The most significant expense is \$1,427,193 spent on the various programs funded by state, local, and federal grants.
- Hotel Tax Revenues for FY15 were \$1,286,072. Expenditures total \$635,760. These funds primarily go to fund outside agencies who promote the hotel and tourism industries in Bryan, TX.
- The Street Improvement Fund expenditures total \$6,770,143 on street maintenance projects. The fund balance was \$12,387,623, which is committed or encumbered for street improvement projects at the end of FY15.
- The Drainage Improvement Fund expended \$481,805 in FY15 on drainage projects throughout the City. Ending fund balance was \$2,364,950, which is committed or encumbered for drainage projects at the end of FY15.

Capital Projects Funds. The total expenditures from Capital Projects Funds were \$1,225,200. The net fund balance in the Capital Project Funds decreased by \$820,428 to \$7,465,788. This decrease in fund balance is due to activities and expenditures relating to the construction of capital infrastructure. All of the fund balance is either available for capital projects or encumbered for capital projects.

Permanent Funds. Expenditures from the permanent funds come from spendable revenue generated by non-spendable donations in the form of interest earning. In FY15 \$39,575 in spendable funds was used for expansion and upkeep of the City of Bryan Cemetery. The fund balance increased by \$17,413 to \$1,917,624 due to contributions of \$43,350. Investment earnings of \$13,638 helped offset the expenditures.

Proprietary Funds. The City of Bryan's Proprietary Funds are used to track the enterprise and internal service activities of the City. Detailed information regarding this fund's activities is captured in the Business-Type activities in the Government Wide financial statements and is discussed above.

General Fund Budgetary Highlights

General Fund revenues are mainly derived from taxes, charges for services, fines, and grants. Other miscellaneous, non-operating revenues are derived from items such as one time sales of capital assets, sales of land, and oil and gas royalties and lease payments. Property taxes in the General Fund are derived from the maintenance and operations portion of the tax rate (M&O rate). The M&O rate in effect during FY15 was \$0.442658 per \$100 of valuation. The adopted tax rate for FY15 was \$0.629990 per \$100 of valuation. The remainder of the tax rate is used to fund the City's debt service and is called the interest and sinking fund rate (I&S rate). The I&S rate for FY15 was \$0.187332 per \$100 of valuation.

City of Bryan, Texas

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Total General Fund revenues for FY15 were \$48,109,990 and were \$2,553,271 or 5.6% ahead of budget and \$257,609 or 0.5% more than revenues in FY14. Tax revenues for the General Fund include property tax, sales tax, franchise tax, bingo tax, and alcoholic beverage tax. General Fund tax revenues were 80.0% of total General Fund revenues in FY15. Notable variances in General Fund tax revenues for FY15 are:

- FY15 General Fund property tax revenues were \$18,090,087 and \$39,744 or 0.2% below budget. As noted above, property taxes in FY15 were \$1,225,978 or 7.3% higher than FY14 property tax revenues.
- Sales taxes were \$1,055,930 or 6.3% above budget in FY15. Compared to FY14 revenues, FY15 sales taxes were down slightly by \$94,019, or 0.5%. February 2015 sales tax included a refund in the amount of \$615,196 related to collections during 2007-2011. The State Comptroller notified the City that a taxpayer incorrectly paid sales tax during that time. Excluding this refund, FY15 sales tax revenues were \$521,177 or 2.9% higher than FY14.
- Franchise tax revenue for FY15 was \$2,191,346 and \$74,364, or 3.5% above budget for FY15. Franchise tax revenues were \$189,441, or 8.0% below FY14 revenues.
- Alcoholic beverage taxes were \$37,776, or 33.7%, above budget for FY15 and \$18,985, or 14.5%, ahead of FY14 revenues.

Charges for services in the General Fund include ambulance charges, recreational charges, health and public safety fees, and other miscellaneous charges. Charges for services make up 9.4% of General Fund total revenues in FY15. Some notable items in this category are:

- Ambulance charges in FY15 were \$235,132, or 13.8% above budget. FY15 saw an increase of \$48,914, or 2.6% over FY14 revenues in this category.
- Revenues for recreational activities were \$51,275 or 3.9% below budget in FY15. Compared to FY14 revenues, FY15 saw a decline of \$24,932 or 1.9%.
- Miscellaneous charges for services was \$192,974 or 133.8% ahead of budget and was \$50,306 or 17.5% above FY14 revenues.

Other categories of note for General Fund revenues include fines and court charges, licenses and permits, grants, investment earnings, and other revenues. Items to note in these categories are as follows:

- Fines and court charges were \$158,933 or 8.4% below budget for the year in FY15. This category has remained steady in FY15 as compared to FY14 with only a 0.1% decrease year over year.
- Federal, state, and local grants make up 2.7% of General Fund revenues and were \$216,814 or 20.3% above budget for FY15. Grant revenues decreased slightly by \$5,535, or 0.4% in FY15 as compared to FY14.
- Other revenues were \$835,574 or 226.8% above budget in FY15 due to the sale of the Municipal Office Building Annex (former City of Bryan Police Station). Compared to FY14, other revenues saw a decrease of \$927,756 or 43.5% due to a decrease in oil and gas activity and a decrease in land sales in FY15.

City of Bryan, Texas

Management's Discussion and Analysis
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Total General Fund operating expenditures are broken down into major categories in the accompanying required supplementary section of the report beginning on page 100. General fund activities are broken down into the following main categories:

- General Government and Administrative – This category includes Executive, City Secretary, Legal Services, Fiscal Services, Information Technology, Human Resources, and other administrative departments that serve the City.
- Development Services – This category includes Planning, Engineering, Building, and Special Projects.
- Public Works Services – Includes Drainage and Streets and Traffic Operations.
- Public Safety – Police, Fire and Ems, the Municipal Court, and the City of Bryan Animal Center are included in this category.
- Cultural and Recreations – Includes the golf course, parks and recreation services, and the libraries.
- Other General Fund activities include capital expenditures, administrative reimbursements, and transfers in and out.

General Fund expenditures for the year totaled \$57,001,402 and were \$4,243,221 or 6.9% less than budget. All departments were encouraged to manage spending and conserve money wherever possible. Additionally, some projects in parks and recreation, such as the Sadie Thomas Pool and the Williamson Skate Park, were delayed and will be completed in FY16. As a result, many of the General Fund departments ended the year below their final appropriation amount.

Total general government and administrative expenditures were \$13,667,518 or 10.6% under budget for FY15. This makes up 24.0% of total FY15 General Fund expenditures. Some notable budget variances in this category are as follows:

- The Executive department was below budget by \$250,107 or 10.5% due to unfilled positions, savings in utility costs, consultants, office equipment rental, and festivals and events.
- The City Secretary department was below budget by \$189,292 or 19.2% due to unfilled positions and contractual service costs.
- Payments to other agencies were below budget by \$272,248 or 8.1% due primarily to incentives not earned by economic development partners of the City.
- The Fiscal Services department was below budget by \$193,636 or 12.9% due primarily to savings in personnel costs, vacant positions, and contractual services.
- Information Technology was below budget by \$210,185, or 6.8% due to certain projects that have been postponed indefinitely.
- Fleet services was below budget in FY15 by \$252,512 or 33.5% due to staff vacancies and supplies cost.

Development services finished FY15 below budget by \$378,146 or 11.0%. Expenditure totals in this category were \$3,058,936 and made up 5.4% of total General Fund expenditures for FY15. Notable budget variances in this category include engineering which was \$249,199, or 17.9% under budget for FY15 due to staff vacancies.

City of Bryan, Texas

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 (Unaudited)

Public Works services total expenditures for FY15 were \$3,422,137 and makes up 6.0% of total General Fund expenditures for the year. Overall Public Works was \$149,345 or 4.2% under budget due primarily to staff vacancies and capital projects that will be completed in FY16.

Public Safety expenditures for FY15 are \$30,850,086 and \$855,855 or 2.7% under budget. Public safety accounts for 54.1% of all General Fund expenditures in FY15. Some notable variances include:

- Police services are \$291,618, or 1.8% below budget due to staff vacancies and other non-capital expenditure categories.
- Fire and EMS is below budget by \$331,128, or 2.5%, for FY15 due to staff vacancies.
- Municipal Court expenditures for FY15 are \$150,396, or 10.5% under budget for the year due to savings in professional services and other miscellaneous categories.
- The City of Bryan Animal Center is under budget by \$82,713, or 10.4%, due to vacant positions throughout FY15.

Cultural and recreational services expenditures for FY15 total \$6,560,486 and were \$39,779, or 0.6% under budget for the year. Library, parks and recreation, and the golf course make up 11.5% of total General Fund expenditures in FY15.

Capital Asset and Debt Administration

Capital Assets. The City of Bryan's investment in capital assets for its governmental and business-type activities as of September 30, 2015 was \$685,256,233 (net of accumulated depreciation), an increase of \$10,182,645 or 1.5%. This investment in capital assets includes land, park facilities, buildings and system improvements, machinery and equipment, street and drainage systems, and construction in progress.

Capital Assets for FY15 included the following:

City of Bryan's Capital Assets*

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 11,591,736	\$ 11,591,736	\$ 16,701,003	\$ 16,701,003	\$ 28,292,739	\$ 28,292,739
Buildings	24,321,616	26,911,018	925,746	1,077,661	25,247,362	27,988,679
Equipment	7,997,064	7,944,349	3,970,340	3,767,070	11,967,404	11,711,419
Improvements	9,401,066	10,420,959	490,025,105	430,443,540	499,426,171	440,864,499
Infrastructure	94,101,920	95,543,864	-	-	94,101,920	95,543,864
Construction in Progress	4,091,755	5,247,939	22,128,882	65,424,449	26,220,637	70,672,388
Total	<u>\$ 151,505,157</u>	<u>\$ 157,659,865</u>	<u>\$ 533,751,076</u>	<u>\$ 517,413,723</u>	<u>\$ 685,256,233</u>	<u>\$ 675,073,588</u>

*Note: Net of accumulated depreciation. See Note 4.

Additional information on the City's capital assets can be found in Note 4 to the financial statements on pages 57-58 of this report.

City of Bryan, Texas

Management's Discussion and Analysis
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 (Unaudited)

Long-term Debt. At the end of fiscal year 2015, the City of Bryan had total debt outstanding of \$364,015,000. Of this amount, \$145,530,000 (general obligation bonds and certificates of obligation) comprises debt backed by the full faith and credit of the City. The remainder of the City's debt is secured by specified revenue sources (revenue bonds).

Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 43,553,982	\$ 48,590,908	\$ 15,421,019	\$ 8,359,093	\$ 58,975,001	\$ 56,950,001
Revenue bonds	-	-	218,485,001	242,020,001	218,485,001	242,020,001
Certificates of obligation	40,780,021	43,290,021	45,775,000	47,780,000	86,555,021	91,070,021
Total	<u>\$ 84,334,003</u>	<u>\$ 91,880,929</u>	<u>\$ 279,681,020</u>	<u>\$ 298,159,094</u>	<u>\$ 364,015,023</u>	<u>\$ 390,040,023</u>

During FY15, the City's total debt decreased by \$26,025,000 or 6.7%. The City retired or refunded \$45,505,000 in outstanding principal. The City issued new refunding debt totaling \$19,480,000.

The City's General Obligation, Certificates of Obligation and Revenue bond ratings are listed below.

	Moody's Investors Service	Standard & Poor's
General Obligation Bonds	Aa2	AA
Certificates of Obligation	Aa2	AA
Revenue Bonds - Waterworks and Sewer	Aa2	AA-
Revenue Bonds - City Electric	A2	A+
Revenue Bonds - Rural Electric	A2	A+

Additional information on the City's long-term debt can be found in Note 5 to the financial statements on pages 59-63 of this report.

Economic Factors and Next Year's Budgets and Rates

Bryan continued its strong growth trajectory during FY15, realizing increases in property values and sales tax revenues which positively impacted the City's governmental funds. Bryan and neighboring College Station are the economic center of the region comprised of Brazos County and the surrounding seven counties. While not immune from factors that affect the state and national economies, the area is somewhat insulated due to the concentration of stable or growing employment sectors: government, higher education and health care. Five of the top ten employers in the area fall into these classifications.

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During 2014, Brazos county and surrounding counties saw a significant increase in oil and gas production activity as the result of the application of hydraulic fracturing techniques in the Eagle Ford shale formation. The economic activity surrounding this development had a positive impact on sales tax revenues, City lease royalties and property values. However, during 2015, this activity saw a steady decrease. This is reflected in lower one-time revenues associated with this activity. The City is taking a conservative approach to these revenues in the FY16 budget as well as future growth forecasts.

Continued growth in the area allowed the City to lower the property tax rate for FY14 from \$0.633308 per \$100 of property valuation to the effective tax rate of \$0.62999. Tax rates were not changed for FY15 or FY16. Ad valorem property taxes comprised approximately 37.6% of General Fund revenues in FY15. FY16 budgeted General Fund property tax revenues increased 5.2% from FY15 bolstered by continued growth in Bryan and the surrounding area. FY16 sales tax revenue is budgeted to increase by 0.2% when compared to FY15 actual sales tax revenue. This reflects the conservative approach the City has taken over the last budget cycle assuming a decline in the impact of oil and gas activities in FY15 and FY16. Thus far in FY16, actual tax receipts are higher than budget. Actual sales tax receipts for the first three (3) months of FY16 are \$407,000 or 10.4% above budget. While the City still expects some moderation in retail activities, any slowdown should be cushioned by the areas economic base previously described. As always, staff continues its efforts to hold the line on operating costs.

Revenues for the entire electric system for FY16 are projected to be \$241,078,571, which is an increase of \$4,609,881 or 1.9% in FY16 versus FY15 budget. This projected increase is due primarily to rural base revenues associated with phased in rates and to higher transmission revenues. FY16 budgeted electric expenditures are projected to be \$240,427,478, which is an increase of \$5,934,178 or 2.5% from the FY15 budget. This rise is driven by higher departmental costs and increased TMPA capacity costs.

The Water Fund has budgeted a decrease in operating expenditures for FY16 compared to the FY15 budget of \$101,686 or 1.5% to \$6,796,353. Total expenditures for the Water Fund, including debt service and capital expenditures is budgeted to decrease by \$3,447,300, or 21.4% due to completion of capital projects and debt service costs savings as a result of refunded debt during FY15.

The Wastewater Fund budget for FY16 shows operating revenues of \$12,701,323, which is \$377,223 or 3.1% higher than the FY15 budget. Budgeted operating expenditures for FY16 are \$6,790,911 which is \$268,468 or 3.8% less than the FY15 budget. Total expenditures including capital projects and debt service are projected to decrease during FY16 by \$3,085,259, or 15.4% due to completed capital projects and debt service cost decreases.

The Solid Waste Fund budget for FY15 shows total revenues of \$7,913,293. This is \$156,129 or 2.0% more than the FY15 budget. The FY16 budgeted operating expenditures are projected to be \$5,438,593, which is an increase of \$7,624 or 0.1% from the FY15 budget. Total expenditures are budgeted for \$8,066,646 in FY16 which is a \$589,299 decrease from FY15. This is primarily due to capital expenditure decreases resulting from the purchase of new Solid Waste trucks FY15.

City of Bryan, Texas

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For the Fiscal Year Ended September 30, 2015
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Requests for Information

This financial report is designed to provide a general overview of the City of Bryan's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Bryan, Fiscal Services Department, Attention: Chief Financial Officer, P.O. Box 1000, Bryan, Texas 77805-1000 or visit our website at <http://www.bryantx.gov>.



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CITY OF BRYAN, TEXAS

Statement of Net Position

As of September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 52,416,619	\$ 70,024,971	\$ 122,441,590	\$ 1,417,098
Investments	16,225,385	5,567,558	21,792,943	-
Receivables:				
Accounts	5,659,943	24,965,921	30,625,864	35,511
Less allowance for uncollectible	(3,258,890)	(1,113,943)	(4,372,833)	-
Property taxes	1,184,655	-	1,184,655	-
Less allowance for uncollectible	(1,012,704)	-	(1,012,704)	-
Sales taxes	3,054,823	-	3,054,823	-
Grants	233,248	75,001	308,249	-
Interest	34,447	95,907	130,354	-
Notes	450,000	-	450,000	156,549
Internal balances	1,291,821	(1,291,821)	-	-
Inventories	206,131	4,295,203	4,501,334	-
Under-recovered fuel cost	-	1,030,124	1,030,124	-
Under-recovered regulatory fee	-	1,339,933	1,339,933	-
Prepaid energy costs	-	8,300,717	8,300,717	-
Prepaid and other assets	9,672	1,007,321	1,016,993	20,000
Restricted assets:				
Permanently restricted:				
Investments	895,724	-	895,724	-
Total current assets	<u>77,390,874</u>	<u>114,296,892</u>	<u>191,687,766</u>	<u>1,629,158</u>
Noncurrent assets:				
Receivables:				
Assessments	115,056	-	115,056	-
Notes	4,166,519	20,631	4,187,150	180,703
Prepaid energy costs	-	20,726,973	20,726,973	-
Restricted assets:				
Cash and cash equivalents	-	5,679,135	5,679,135	-
Investments	-	37,545,495	37,545,495	-
Investment in BVSWMMA	-	13,588,808	13,588,808	-
Investment in Economic Development Foundation	228,663	-	228,663	-
Capital assets:				
Land	11,591,736	16,701,003	28,292,739	1,474,150
Buildings	38,783,545	1,920,180	40,703,725	-
Improvements other than buildings	32,198,451	738,269,339	770,467,790	207,477
Machinery and equipment	31,914,180	13,813,251	45,727,431	-
Infrastructure	186,160,966	-	186,160,966	-
Construction in progress	4,091,755	22,128,882	26,220,637	46,027
Less accumulated depreciation	(153,235,476)	(259,081,579)	(412,317,055)	(100,839)
Total capital assets	<u>151,505,157</u>	<u>533,751,076</u>	<u>685,256,233</u>	<u>1,626,815</u>
Total noncurrent assets	<u>156,015,395</u>	<u>611,312,118</u>	<u>767,327,513</u>	<u>1,807,518</u>
Total assets	<u>\$ 233,406,269</u>	<u>\$ 725,609,010</u>	<u>\$ 959,015,279</u>	<u>\$ 3,436,676</u>
<u>Deferred outflows</u>				
Accumulated decrease in fair value of of hedging derivatives	\$ -	\$ 17,801,026	\$ 17,801,026	\$ -
Pensions	4,975,222	2,850,801	7,826,023	-
Unamortized loss on refunded debt	1,637,562	505,473	2,143,035	-
Total deferred outflows	<u>\$ 6,612,784</u>	<u>\$ 21,157,300</u>	<u>\$ 27,770,084</u>	<u>\$ -</u>

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Bryan Business Council, Inc.
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 3,116,922	\$ 11,660,455	\$ 14,777,377	\$ 26,266
Accrued liabilities and retainage	3,067,994	1,652,630	4,720,624	-
Claims	1,658,311	-	1,658,311	-
Accrued vacation and sick pay	2,232,701	406,982	2,639,683	-
Unearned revenue	414,122	82,466	496,588	-
Derivative financial instruments	-	6,009,018	6,009,018	-
Deferred credits	117,682	-	117,682	-
Accrued interest	352,857	83	352,940	-
General obligation bonds	-	-	-	-
Certificates of obligation	-	-	-	-
Notes	-	-	-	50,643
Payable from restricted assets:				
Accounts payable	-	-	-	-
Derivative financial instruments	-	-	-	-
Accrued liabilities	-	774,191	774,191	-
Accrued interest	-	2,739,941	2,739,941	-
Over recovered fuel	-	2,173,575	2,173,575	-
Revenue bonds	-	15,375,001	15,375,001	-
General obligation bonds	4,926,492	1,414,181	6,340,673	-
Certificates of obligation	2,915,000	2,215,000	5,130,000	-
Customer deposits	152,368	5,125,834	5,278,202	-
Total current liabilities	18,954,449	49,629,357	68,583,806	76,909
Noncurrent liabilities:				
General obligation bonds	38,627,490	14,006,838	52,634,328	-
Certificates of obligation	37,865,021	43,560,000	81,425,021	-
Revenue bonds	-	203,110,000	203,110,000	-
Unamortized bond premiums (discounts)	806,053	6,618,518	7,424,571	-
Unamortized gain on refunded debt	-	-	-	-
Notes	-	-	-	88,598
Claims	1,092,875	-	1,092,875	-
Derivative financial instruments	-	11,792,008	11,792,008	-
Net pension liability (NPL)	24,990,390	13,897,248	38,887,638	-
Other post employment benefits (OPEB)	2,082,820	931,544	3,014,364	-
Accrued vacation and sick pay	4,744,489	864,833	5,609,322	-
Other noncurrent liabilities	-	306,351	306,351	-
Total noncurrent liabilities	110,209,138	295,087,340	405,296,478	88,598
Total liabilities	129,163,587	344,716,697	473,880,284	165,507
<u>Deferred Inflows</u>				
Pensions	881,500	505,099	1,386,599	-
Deferred regulatory liability	-	7,202,026	7,202,026	-
Total deferred inflows	881,500	7,707,125	8,588,625	-
<u>Net Position</u>				
Net investment in capital assets	68,002,663	281,007,278	349,009,941	1,487,574
Restricted for:				
BVSWMA, Inc.	-	13,588,808	13,588,808	-
Economic Development Foundation	228,663	-	228,663	-
Debt retirement	-	10,552,883	10,552,883	-
Debt service	5,727,444	6,911,885	12,639,329	-
Perpetual care:				
Expendable	1,021,900	-	1,021,900	-
Nonexpendable	895,724	-	895,724	-
Rate stabilization	-	1,687,392	1,687,392	-
Collateral deposits	-	6,679,019	6,679,019	-
Noncurrent notes receivable	4,166,519	-	4,166,519	-
Police activities	78,500	-	78,500	-
Court activities	468,114	-	468,114	-
Record preservation	80,057	-	80,057	-
Capital improvements	7,465,788	-	7,465,788	-
TIRZ Development	706,544	-	706,544	-
Other purposes	2,133,540	-	2,133,540	-
Unrestricted	18,998,510	73,915,223	92,913,733	1,783,595
Total net position	\$ 109,973,966	\$ 394,342,488	\$ 504,316,454	\$ 3,271,169

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Activities

For the Fiscal Year Ended September 30, 2015

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position			Component Unit Bryan Business Council, Inc.	
	Expenses	Fees, Fines and Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
Primary government:								
Governmental activities:								
General government and administration	\$ 9,775,235	\$ 337,174	\$ -	\$ -	\$ (9,438,061)	\$ -	\$ -	
Development services	5,403,697	625,106	1,353,433	-	(3,425,158)	-	-	
Public works services	16,894,814	-	-	2,049,078	(14,845,736)	-	-	
Public safety	33,648,379	4,684,494	332,099	-	(28,631,786)	-	-	
Cultural and recreational	8,374,038	1,279,525	1,084,115	-	(6,010,398)	-	-	
Interest on long-term debt	3,299,163	-	-	-	(3,299,163)	-	-	
Total governmental activities	77,395,326	6,926,299	2,769,647	2,049,078	(65,650,302)	-	-	
Business-type activities:								
Electric	171,705,349	184,252,089	-	-	12,546,740	12,546,740	-	
Rural electric	36,214,517	39,287,075	-	-	3,072,558	3,072,558	-	
Water	9,841,218	12,390,019	-	1,463,704	4,012,505	4,012,505	-	
Wastewater	9,935,489	12,883,147	-	1,292,238	4,239,896	4,239,896	-	
Other	7,860,010	12,608,721	-	-	4,748,711	4,748,711	-	
Total business-type activities	235,556,583	261,421,051	-	2,755,942	28,620,410	28,620,410	-	
Total primary government	312,951,909	268,347,350	2,769,647	4,805,020	(65,650,302)	28,620,410	(37,029,892)	
Component unit:								
Bryan Business Council, Inc.	\$ 216,253	\$ -	\$ 412,518	\$ -	\$ -	\$ -	\$ 196,265	
General revenues:								
Property taxes					28,039,989	-	28,039,989	
Sales taxes					17,788,430	-	17,788,430	
Franchise taxes					2,191,346	-	2,191,346	
Alcoholic beverage taxes					149,776	-	149,776	
Bingo taxes					267,434	-	267,434	
Hotel occupancy taxes					1,286,072	-	1,286,072	
Transportation and drainage assessments					6,553,176	-	6,553,176	
Unrestricted investment earnings					523,146	1,032,154	1,555,300	
Miscellaneous					3,512,707	3,240,871	6,753,578	
Special items - Gain on sale of power plant equipment					-	505,000	505,000	
Transfers (net)					14,789,653	(14,789,653)	-	
Total general revenues, special items, and transfers					75,101,729	(10,011,628)	65,090,101	
Change in net position					9,451,427	18,608,782	28,060,209	
Net position, October 1, 2014 as restated					100,522,539	375,733,706	476,256,245	
Net position, September 30, 2015					\$ 109,973,966	\$ 394,342,488	\$ 504,316,454	

The notes to the financial statements are an integral part of this statement.



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CITY OF BRYAN, TEXAS

Balance Sheet

Governmental Funds

As of September 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 25,677,449	\$ 1,441,187	\$ 21,379,381	\$ 48,498,017
Investments	8,395,413	471,620	6,996,280	15,863,313
Receivables:				
Accounts	4,872,397	-	725,706	5,598,103
Less allowance for uncollectible	(3,165,526)	-	(93,364)	(3,258,890)
Property taxes	832,210	352,445	-	1,184,655
Less allowance for uncollectible	(711,744)	(300,960)	-	(1,012,704)
Sales taxes	3,054,823	-	-	3,054,823
Assessments	115,056	-	-	115,056
Grants	365	-	232,883	233,248
Interest	16,921	948	14,049	31,918
Notes	16,519	4,600,000	-	4,616,519
Due from other funds	271,826	-	261,717	533,543
Prepaid and other assets	9,307	-	365	9,672
Total assets	<u>\$ 39,385,016</u>	<u>\$ 6,565,240</u>	<u>\$ 29,517,017</u>	<u>\$ 75,467,273</u>
<u>Liabilities, Deferred Inflows, and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 876,741	\$ -	\$ 1,962,329	\$ 2,839,070
Accrued liabilities	2,643,072	-	23,348	2,666,420
Retainage payable	-	-	365,189	365,189
Due to other funds	146,631	-	209,736	356,367
Customer deposits	152,368	-	-	152,368
Unearned revenue	-	450,000	-	450,000
Total liabilities	<u>3,818,812</u>	<u>450,000</u>	<u>2,560,602</u>	<u>6,829,414</u>
Deferred inflows:				
Deferred property taxes	82,743	34,939	-	117,682
Other deferred revenue	115,056	-	81,804	196,860
Total deferred inflows	<u>197,799</u>	<u>34,939</u>	<u>81,804</u>	<u>314,542</u>
Fund balances:				
Nonspendable	109,393	-	895,724	1,005,117
Restricted	720,583	6,080,301	11,235,668	18,036,552
Committed	2,384,963	-	14,752,573	17,137,536
Assigned	1,531,754	-	-	1,531,754
Unassigned	30,621,712	-	(9,354)	30,612,358
Total fund balances	<u>35,368,405</u>	<u>6,080,301</u>	<u>26,874,611</u>	<u>68,323,317</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 39,385,016</u>	<u>\$ 6,565,240</u>	<u>\$ 29,517,017</u>	<u>\$ 75,467,273</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
As of September 30, 2015

Total fund balances - governmental funds		\$ 68,323,317
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. (Includes net capital assets of the Internal service funds in the amount of \$127,543).		151,505,157
Other long-term assets are not available to pay for current-period expenditures and, therefore, are recorded as unearned in the funds.		232,740
The City's equity in the Economic Development Foundation is included in the Statement of Net Position but is not included at the fund level.		228,663
Internal service funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The assets and liabilities of the internal service funds related to governmental activities are included in the governmental activities in the statement of net position. (Net of amount allocated to business-type activities of \$(1,056,061) and net capital assets in the amount of \$127,543).		1,348,836
Interest payable on long-term debt does not require current financial resources, and therefore, is not reported as a liability in the governmental funds balance sheet.		(352,857)
Long-term liabilities, including bonds payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. These items are detailed below:		
General obligation bonds payable	\$ 43,553,982	
Certificates of obligation payable	40,780,021	
Deferred amount on refunding and premium charges on debt	(831,509)	
Net Pension Liability	24,990,390	
Deferred amounts on pensions (net)	(4,093,722)	
Accrued vacation and sick leave (Net of internal service fund liability in the amount of \$64,463)	6,912,728	
		<u>(111,311,890)</u>
Net position of governmental activities		<u>\$ 109,973,966</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended September 30, 2015

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 18,090,087	\$ 7,574,218	\$ 2,610,275	\$ 28,274,580
Sales taxes	17,788,430	-	-	17,788,430
Franchise taxes	2,191,346	-	-	2,191,346
Alcoholic beverage taxes	149,776	-	-	149,776
Bingo taxes	267,434	-	-	267,434
Hotel occupancy taxes	-	-	1,286,072	1,286,072
Transportation and drainage assessments	-	-	6,553,176	6,553,176
Charges for services	4,538,814	-	-	4,538,814
Fines and court charges	1,723,017	-	39,362	1,762,379
Licenses and permits	625,106	-	-	625,106
Grants	1,284,034	-	1,485,613	2,769,647
Investment earnings	247,920	32,728	205,894	486,542
Other	1,204,026	435,417	477,821	2,117,264
Total revenues	<u>48,109,990</u>	<u>8,042,363</u>	<u>12,658,213</u>	<u>68,810,566</u>
Expenditures:				
Current:				
General government and administration	13,667,518	-	-	13,667,518
Development services	3,058,936	-	1,565,643	4,624,579
Public works services	3,422,137	-	7,046,090	10,468,227
Public safety	30,850,086	-	103,942	30,954,028
Cultural and recreational	6,560,486	-	644,876	7,205,362
Administrative reimbursement	(3,476,440)	-	-	(3,476,440)
Capital outlay	2,918,679	-	1,849,557	4,768,236
Debt service:				
Bond and principal retirement	-	7,141,927	-	7,141,927
Interest and fiscal charges	-	3,370,384	-	3,370,384
Debt issuance costs	-	67,859	-	67,859
Total expenditures	<u>57,001,402</u>	<u>10,580,170</u>	<u>11,210,108</u>	<u>78,791,680</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(8,891,412)</u>	<u>(2,537,807)</u>	<u>1,448,105</u>	<u>(9,981,114)</u>
Other financing sources (uses):				
Sales of capital assets	1,591,734	-	-	1,591,734
Transfers in	15,303,568	2,418,836	405,000	18,127,404
Transfers out	(814,657)	-	(2,523,094)	(3,337,751)
Long-term debt issued	-	-	-	-
Refunding bonds issued	-	11,745,000	-	11,745,000
Premium on refunding bonds	-	557,141	-	557,141
Premium on long-term debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	(12,231,268)	-	(12,231,268)
Total other financing sources (uses)	<u>16,080,645</u>	<u>2,489,709</u>	<u>(2,118,094)</u>	<u>16,452,260</u>
Net change in fund balances	7,189,233	(48,098)	(669,989)	6,471,146
Fund balances, October 1, 2014	<u>28,179,172</u>	<u>6,128,399</u>	<u>27,544,600</u>	<u>61,852,171</u>
Fund balances, September 30, 2015	<u>\$ 35,368,405</u>	<u>\$ 6,080,301</u>	<u>\$ 26,874,611</u>	<u>\$ 68,323,317</u>

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXASReconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2015

Net change in fund balances - total governmental funds \$ 6,471,146

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 4,768,236

The City's investment in the Economic Development Foundation is reported at the government-wide level but not at the fund level. 761,895

The net effect of various transactions involving capital assets (i.e., sales and contributions) is to increase net position. 239,366

Depreciation expense on capital assets reported in the government-wide statement of activities does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (11,211,655)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is detailed below:

General obligation refunding bonds issued	(11,745,000)	
Payment to refunded bond escrow agent	12,231,268	
Premium amount on refunding bond	(557,141)	
Debt principal repayments	<u>7,141,927</u>	7,071,054

Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds. 1,800,784

Accrued interest expense on long-term debt is reported in the government-wide statement of activities, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. 139,080

Some property taxes will not be collected for several months after the city's fiscal year end, and are not considered "available" revenues in the governmental funds. 117,682

Some revenues reported in the governmental funds were earned in prior periods; and therefore, are not reported in the government-wide statement of activities. (352,273)

Internal service funds are used by management to charge the costs of risk management, employee health insurance benefits and central warehousing to individual funds. The net revenue of the internal service funds related to governmental activities is reported with governmental activities (net of amount allocated to business-type activities of (\$407,014)). (353,888)

Change in net position of governmental activities. \$ 9,451,427

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Net Position
Proprietary Funds
As of September 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	
Assets							
Current assets:							
Cash and cash equivalents	\$ 47,165,143	\$ 5,859,226	\$ 4,783,066	\$ 7,961,587	\$ 4,255,949	\$ 70,024,971	\$ 3,918,602
Investments	16,447,363	4,404,707	1,567,492	2,607,396	1,392,670	5,567,558	1,257,796
Accounts receivable	(709,738)	(130,879)	(76,930)	(105,864)	(90,532)	(1,113,943)	61,840
Less allowance for uncollectible	-	-	75,001	-	-	75,001	-
Grants receivable	83,618	-	3,824	5,669	2,796	95,907	2,529
Interest receivable	3,852,895	-	426,542	-	15,766	4,295,203	206,131
Inventories	4,910,629	-	466,132	337,955	224,989	5,939,705	95,360
Due from other funds	1,200,665	138,871	-	-	397	1,339,933	-
Under-recovered regulatory fee	-	1,030,124	-	-	-	1,030,124	-
Under-recovered fuel cost	8,300,717	-	-	-	-	8,300,717	-
Prepaid energy costs	1,007,321	-	-	-	-	1,007,321	-
Prepaid and other assets	82,258,613	11,302,049	9,161,835	12,393,166	6,412,755	121,528,418	5,542,258
Total current assets	20,726,973	-	-	-	-	20,726,973	-
Noncurrent assets:	12,721	7,910	-	-	-	20,631	-
Prepaid energy costs	-	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-
Restricted assets:	1,644,655	308,635	1,574,445	2,151,400	-	5,679,135	-
Cash and cash equivalents	34,998,055	2,003,860	332,014	211,566	-	37,545,495	-
Investments	-	-	-	-	13,588,808	13,588,808	-
Investment in BVSWMA	-	-	-	-	-	-	-
Capital assets:	6,021,381	111,483	571,812	377,644	9,618,683	16,701,003	-
Land	-	-	222,294	444,492	1,253,394	1,920,180	23,420
Buildings	-	-	2,254,058	3,702,491	7,856,702	13,813,251	114,453
Equipment	412,203,114	88,633,153	116,042,632	117,684,204	3,706,236	738,269,339	188,658
Improvements other than buildings	9,003,716	3,492,202	3,099,426	6,452,214	81,324	22,128,882	-
Construction in progress	(144,714,362)	(27,821,169)	(37,509,985)	(41,051,768)	(7,984,295)	(259,081,579)	(198,988)
Less accumulated depreciation	282,513,849	64,415,669	84,680,237	87,609,277	14,532,044	533,751,076	127,543
Total capital assets (net of accumulated depreciation)	339,896,253	66,736,074	86,586,696	89,972,243	28,120,852	611,312,118	127,543
Total noncurrent assets	\$ 422,154,866	\$ 78,038,123	\$ 95,748,531	\$ 102,365,409	\$ 34,533,607	\$ 732,840,536	\$ 5,669,801
Total assets	\$ 17,801,026	\$ -	\$ -	\$ -	\$ -	\$ 17,801,026	\$ -
Accumulated decrease in fair value of hedging derivatives	2,033,780	-	238,754	287,753	290,514	2,850,801	-
Pensions	-	-	349,080	156,393	-	505,473	-
Unamortized loss on refunded debt	-	-	-	444,146	-	444,146	-
Total deferred outflows	\$ 19,834,806	\$ -	\$ 587,834	\$ -	\$ 290,514	\$ 21,157,300	\$ -

Business-type Activities - Enterprise Funds

Governmental
Activities

Liabilities	Business-type Activities - Enterprise Funds						Total Enterprise Funds	Internal Service Funds
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds		
Current liabilities:								
Accounts payable	\$ 10,120,563	\$ 715,530	\$ 341,652	\$ 333,636	\$ 149,074	\$ 11,660,455	\$ 277,852	
Accrued liabilities	1,042,068	152,948	118,230	140,050	199,334	1,652,630	36,386	
Claims payable	-	-	-	-	-	-	1,765,039	
Due to other funds	1,317,356	4,858,109	-	-	-	6,175,465	36,776	
Unearned revenue	-	-	-	82,466	-	82,466	-	
Derivative financial instruments	6,009,018	-	-	-	-	6,009,018	-	
Accrued interest	-	-	-	-	83	83	-	
Accrued vacation and sick pay	192,348	22,934	64,989	67,189	59,522	406,982	43,835	
Current liabilities payable from restricted assets:								
Accrued liabilities	-	-	583,172	191,019	-	774,191	-	
Accrued interest	2,098,535	107,756	284,461	249,189	-	2,739,941	-	
Over recovered fuel	2,173,575	-	-	-	-	2,173,575	-	
Revenue bonds	11,505,000	485,000	1,586,365	1,798,636	-	15,375,001	-	
Certificates of obligation	1,005,000	220,000	476,503	513,497	-	2,215,000	-	
General obligation bonds	730,000	-	487,015	193,979	3,187	1,414,181	-	
Customer deposits	4,094,526	1,021,128	-	-	10,180	5,125,834	-	
Total current liabilities	40,287,989	7,583,405	3,942,387	3,569,661	421,380	55,804,822	2,159,888	
Noncurrent liabilities:								
Revenue bonds	150,265,000	6,660,000	20,344,543	25,840,457	-	203,110,000	-	
Certificates of obligation	33,020,000	4,950,000	2,690,556	2,899,444	-	43,560,000	-	
General obligation bonds	7,005,000	-	5,087,708	1,892,113	22,017	14,006,838	-	
Notes	-	-	-	-	-	-	-	
Unamortized bond premiums (discounts)	6,450,082	141,705	28,076	(1,345)	-	6,618,518	-	
Claims payable	-	-	-	-	-	-	986,147	
Derivative financial instruments	11,792,008	-	-	-	-	11,792,008	-	
Net pension liability	10,004,206	-	1,117,136	1,397,966	1,377,940	13,897,248	-	
Other post employment benefits (OPEB)	572,543	-	114,509	89,750	154,742	931,544	2,082,820	
Accrued liabilities	306,351	-	-	-	-	306,351	-	
Accrued vacation and sick pay	408,739	48,735	138,101	142,776	126,482	864,833	20,628	
Total noncurrent liabilities	219,823,929	11,800,440	29,520,629	32,261,161	1,681,181	295,087,340	3,089,595	
Total liabilities	260,111,918	19,383,845	33,463,016	35,830,822	2,102,561	350,892,162	5,249,483	
Deferred Inflows								
Pensions	\$ 360,341	\$ -	\$ 42,302	\$ 50,983	\$ 51,473	\$ 505,099	\$ -	
Deferred regulatory liability	943,521	6,258,505	-	-	-	7,202,026	-	
Total deferred inflows	\$ 1,303,862	\$ 6,258,505	\$ 42,302	\$ 50,983	\$ 51,473	\$ 7,707,125	\$ -	
Net Position								
Net investment in capital assets	111,918,177	46,433,208	53,856,796	54,348,671	14,506,840	281,063,692	127,543	
Restricted for:								
BVSWMIA	-	-	-	-	13,588,808	13,588,808	-	
Debt retirement	10,552,883	-	-	-	-	10,552,883	-	
Debt service	3,252,939	450,862	1,161,501	2,046,583	-	6,911,885	-	
Rate stabilization	1,687,392	-	-	-	-	1,687,392	-	
Collateral deposits	6,679,019	-	-	-	-	6,679,019	-	
Unrestricted	46,483,482	5,511,703	7,812,750	10,532,496	4,574,439	74,914,870	292,775	
Total net position	\$ 180,573,892	\$ 52,395,773	\$ 62,831,047	\$ 66,927,750	\$ 32,670,087	\$ 395,398,549	\$ 420,318	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(1,056,061)		
Net position of business-type activities						\$ 394,342,488		

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:							
Electrical system	\$ 184,252,089	\$ 39,287,075	\$ -	\$ -	\$ -	\$ 223,539,164	\$ -
Water system	-	-	12,390,019	-	-	12,390,019	-
Sewer system	-	-	-	12,883,147	-	12,883,147	-
Other	1,971,432	-	-	-	10,656,231	12,627,663	11,156,972
Total operating revenues	<u>186,223,521</u>	<u>39,287,075</u>	<u>12,390,019</u>	<u>12,883,147</u>	<u>10,656,231</u>	<u>261,439,993</u>	<u>11,156,972</u>
Operating expenses:							
Personnel services	10,154,424	486,813	2,147,384	2,565,189	2,700,108	18,053,918	655,224
Electric operations	122,456,678	32,094,082	-	-	-	154,550,760	-
Maintenance	4,525,063	513,023	749,373	1,077,904	422,878	7,288,241	2,629
Claims	-	-	-	-	-	-	8,941,082
Other services and charges	985,529	-	1,989,763	1,350,267	1,793,646	6,119,205	2,913,245
Other expenses	1,851,048	-	208,982	381,129	805,947	3,247,106	30,859
General and administrative	2,421,146	170,909	1,125,886	1,136,415	1,106,237	5,960,593	-
Total operating expenses	<u>142,393,888</u>	<u>33,264,827</u>	<u>6,221,388</u>	<u>6,510,904</u>	<u>6,828,816</u>	<u>195,219,823</u>	<u>12,543,039</u>
before depreciation and amortization	43,829,633	6,024,248	6,168,631	6,372,243	3,827,415	66,220,170	(1,386,067)
Operating income (loss) before depreciation and amortization	<u>20,304,460</u>	<u>2,452,264</u>	<u>2,702,592</u>	<u>2,691,001</u>	<u>961,938</u>	<u>29,112,255</u>	<u>11,321</u>
Depreciation and amortization	23,525,173	3,569,984	3,466,039	3,681,242	2,865,477	37,107,915	(1,397,388)
Operating income (loss)							
Nonoperating revenues (expenses):							
Investment earnings	770,945	75,800	60,478	85,386	39,545	1,032,154	36,604
Interest expense	(8,761,732)	(497,426)	(871,428)	(685,535)	(1,370)	(10,817,491)	-
Grants	-	-	-	-	54,541	54,541	-
Distributive share of BVSWMA net income	-	-	-	-	679,322	679,322	-
Other - net	1,529,782	-	341,043	188,711	428,530	2,488,066	599,882
Total nonoperating revenues (expenses)	<u>(6,461,005)</u>	<u>(421,626)</u>	<u>(469,907)</u>	<u>(411,438)</u>	<u>1,200,568</u>	<u>(6,563,408)</u>	<u>636,486</u>
Income (loss) before contributions, transfers and special items	17,064,168	3,148,358	2,996,132	3,269,804	4,066,045	30,544,507	(760,902)
Special items - gain on sale of power plant equipment	505,000	-	-	-	-	505,000	-
Capital contributions	-	-	1,463,704	1,292,238	-	2,755,942	-
Transfers in	-	-	32,567	34,500	216,379	283,446	150,000
Transfers out	(11,411,380)	-	(641,959)	(644,754)	(2,375,006)	(15,073,099)	(150,000)
Change in net position	<u>6,157,788</u>	<u>3,148,358</u>	<u>3,850,444</u>	<u>3,951,788</u>	<u>1,907,418</u>	<u>19,015,796</u>	<u>(760,902)</u>
Net position, October 1, 2014 as restated	174,416,104	49,247,415	58,980,603	62,975,962	30,762,669	1,181,220	
Net position, September 30, 2015	<u>\$ 180,573,892</u>	<u>\$ 52,395,773</u>	<u>\$ 62,831,047</u>	<u>\$ 66,927,750</u>	<u>\$ 32,670,087</u>	<u>\$ 420,318</u>	<u>\$ 420,318</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(407,014)	
Change in net position of business-type activities.							<u>\$ 18,608,782</u>

The notes to the financial statements are an integral part of this statement.



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CITY OF BRYAN, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds						Governmental Activities
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds	Total Enterprise Funds	
Cash flows from operating activities:							
Receipts from customers and users	\$ 187,678,205	\$ 38,707,792	\$ 11,870,597	\$ 12,842,820	\$ 10,633,709	\$ 261,733,123	\$ 4,272,562
Receipts for interfund services provided	-	-	-	-	-	-	8,428,367
Payments to suppliers	(138,237,992)	(33,882,043)	(2,961,034)	(2,708,748)	(3,644,265)	(181,434,082)	(13,075,122)
Payments to employees	(10,372,870)	(467,337)	(2,148,078)	(2,545,008)	(2,691,083)	(18,224,376)	(654,874)
Receipts for miscellaneous revenues	-	-	341,043	188,711	413,750	943,504	599,357
Payments for interfund services used	-	-	(1,125,886)	(1,136,415)	(475,342)	(2,737,643)	-
Net cash provided (used) by operating activities	39,067,343	4,358,412	5,976,642	6,641,360	4,236,769	60,280,526	(429,710)
Cash flows from noncapital financing activities:							
Transfers in	1,529,782	-	32,567	34,500	216,379	1,813,228	150,000
Transfers out	(11,411,380)	-	(641,959)	(644,754)	(2,375,006)	(15,073,099)	(150,000)
Net cash (used) by noncapital financing activities	(9,881,598)	-	(609,392)	(610,254)	(2,158,627)	(13,259,871)	-
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(17,445,453)	(7,091,923)	(2,868,917)	(3,231,509)	(1,330,033)	(31,967,835)	(60,666)
Grant proceeds	-	-	-	-	54,541	54,541	-
Revenue bond proceeds	46,675	-	-	-	-	46,675	-
Bond Issuance Costs	(44,691)	-	-	-	-	(44,691)	-
Principal paid on outstanding bonds	(12,560,000)	(690,000)	(2,463,386)	(2,517,209)	(2,477)	(18,233,072)	-
Payment to escrow agent	(9,804,526)	(540,969)	(1,310,819)	(1,092,953)	(710)	(12,749,977)	-
Net cash (used) by capital and related financing activities	(39,807,995)	(8,322,892)	(6,643,122)	(6,841,671)	(1,278,679)	(62,894,359)	(60,666)
Cash flows from investing activities:							
Purchase of investment securities	(7,993,406)	-	(657,070)	(1,020,613)	(569,791)	(10,240,880)	(447,772)
Sale of investment securities	2,000,000	-	720,349	894,799	226,635	3,841,783	402,243
Proceeds from sale of capital assets	505,000	-	-	-	-	505,000	-
Collateral deposits to counterparties	(5,000,000)	-	-	-	-	(5,000,000)	-
Interest on investments	493,568	74,668	59,537	83,725	39,317	750,815	36,394
Net cash provided (used) by investing activities	(9,994,838)	74,668	122,816	(42,089)	(303,839)	(10,143,282)	(9,135)
Net increase (decrease) in cash and cash equivalents	(20,617,087)	(3,889,812)	(1,153,056)	(852,654)	495,624	(26,016,985)	(499,511)
Cash and cash equivalents, October 1, 2014	69,426,885	10,057,673	7,510,567	10,965,641	3,760,325	101,721,091	4,418,113
Cash and cash equivalents, September 30, 2015	\$ 48,809,798	\$ 6,167,861	\$ 6,357,511	\$ 10,112,987	\$ 4,255,949	\$ 75,704,106	\$ 3,918,602

	Business-type Activities - Enterprise Funds					Governmental Activities	
	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Other Enterprise Funds		Total Enterprise Funds
Reconciliation of operating income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 23,525,173	\$ 3,569,984	\$ 3,466,039	\$ 3,681,242	\$ 2,865,477	\$ 37,107,915	\$ (1,397,388)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization	20,304,460	2,452,264	2,702,592	2,691,001	961,938	29,112,255	11,321
Bad debts	125,520	25,324	-	-	-	150,844	-
Receipts for miscellaneous revenues	-	-	341,043	188,711	413,750	943,504	599,882
Change in assets and liabilities:							
Change in accounts receivable	1,332,743	(470,361)	(425,296)	(776)	(5,168)	431,142	26,054
Change in inventory	409,173	-	(57,797)	-	(1,164)	350,212	75,427
Change in due from other funds	(920,269)	-	(94,126)	(39,551)	(30,874)	(1,084,820)	(53,669)
Change in over (under) recovered fuel	(3,404,415)	(2,080,702)	-	-	-	(5,485,117)	-
Change in under-recovered regulatory fee	(67,227)	(37,539)	-	-	-	(104,766)	-
Change in other assets	(45,895)	-	2,767	725	2,904	(39,499)	1,705
Deferred outflows/inflows of resources - pensions	(1,673,439)	-	-	-	-	(1,673,439)	-
Change in accounts payable	(2,418,609)	(184,363)	(44,207)	(20,496)	6,809	(2,660,866)	9,487
Change in accrued liabilities	7,309	19,476	105,171	134,558	19,548	286,062	134,213
Change in other liabilities	-	-	-	8,000	-	8,000	-
Change in customer deposits	121,942	29,948	-	-	(95)	151,795	-
Change in due to other funds	323,193	1,034,381	-	-	-	1,357,574	36,776
Change in claims payable	-	-	-	-	-	-	128,679
Change in accrued vacation and sick pay	-	-	7,205	41,388	28,974	77,567	(2,197)
Change in post employee benefits	1,447,684	-	(26,749)	(43,442)	(25,330)	1,352,163	-
Net cash provided (used) by operating activities	\$ 39,067,343	\$ 4,358,412	\$ 5,976,642	\$ 6,641,360	\$ 4,236,769	\$ 60,280,526	\$ (429,710)
Reconciliation of total cash and cash equivalents:							
Current assets - cash and cash equivalents	\$ 47,165,143	\$ 5,859,226	\$ 4,783,066	\$ 7,961,587	\$ 4,255,949	\$ 70,024,971	\$ 3,918,602
Restricted assets - cash and cash equivalents	1,644,655	308,635	1,574,445	2,151,400	-	5,679,135	-
Total cash and cash equivalents	\$ 48,809,798	\$ 6,167,861	\$ 6,357,511	\$ 10,112,987	\$ 4,255,949	\$ 75,704,106	\$ 3,918,602

The notes to the financial statements are an integral part of this statement.

CITY OF BRYAN, TEXAS
Statement of Fiduciary Net Position
Payroll Fund
As of September 30, 2015

Assets

Cash and cash equivalents	\$ 1,004,157
Accounts receivable	196,744
Total assets	<u>\$ 1,200,901</u>

Liabilities

Accounts payable	\$ 1,200,901
Total liabilities	<u>\$ 1,200,901</u>

The notes to the financial statements are an integral part of this statement.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Bryan, Texas (the “City”) is a municipal corporation which operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended component units

BTU QSE Services, Inc. (“QSE”) was created as a result of deregulation of the electric market within the state of Texas. The QSE exists to perform qualified scheduling services of electrical generation for the City of Bryan City Electric Fund. The QSE is a separate legal entity whose primary purpose is to provide a service to the City. The BTU Board of Directors serves as the board of the QSE. The QSE is reported as an enterprise fund and is combined with City Electric Fund.

Bryan Commerce and Development Incorporated (“BCD”) was created to assist and act on behalf of the City in promoting, developing, encouraging, and maintaining employment, commerce, economic development, and public facility development in the City. The Bryan City Council serves as the Board of Directors of BCD. Since the elected officials of the City are financially accountable for BCD and the primary purpose of BCD is to provide a service to the City, BCD is considered a blended component unit. BCD is not separately presented here as it is separately presented in the supplementary section of this report. See page 128.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

The condensed combined statements of net position for the City Electric System and QSE as of September 30, 2015 are as follows:

Condensed Statements of Net Position

	September 30, 2015		
	<u>BTU City</u>	<u>QSE</u>	<u>Combined</u>
Current assets	\$ 77,995,483	\$ 4,263,130	\$ 82,258,613
Capital assets, net	282,313,937	199,912	282,513,849
Restricted assets	36,642,710	-	36,642,710
Other	<u>20,739,694</u>	<u>-</u>	<u>20,739,694</u>
Total assets	417,691,824	4,463,042	422,154,866
Deferred outflows	19,834,806	-	19,834,806
Current liabilities	16,338,943	2,342,410	18,681,353
Current liabilities payable from restricted assets	21,606,636	-	21,606,636
Noncurrent liabilities	<u>219,823,929</u>	<u>-</u>	<u>219,823,929</u>
Total liabilities	257,769,508	2,342,410	260,111,918
Deferred inflows	1,303,862	-	1,303,862
Net position:			
Net investment in capital assets	111,718,265	199,912	111,918,177
Restricted	22,172,233	-	22,172,233
Unrestricted	<u>44,562,762</u>	<u>1,920,720</u>	<u>46,483,482</u>
Total net position	<u>\$ 178,453,260</u>	<u>\$ 2,120,632</u>	<u>\$ 180,573,892</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

The condensed combined statements of revenues, expenses, and changes in net position for the City Electric System and QSE for the year ended September 30, 2015, are as follows:

Condensed Statements of Revenues, Expenses And Changes in Net Position

	Fiscal Year Ended September 30, 2015		
	<u>BTU City</u>	<u>QSE</u>	<u>Combined</u>
Operating revenues	\$ 184,541,033	\$ 1,682,488	\$ 186,223,521
Operating expenses	<u>161,015,859</u>	<u>1,682,488</u>	<u>162,698,348</u>
Operating income	23,525,173	-	23,525,173
Investment income	770,945	-	770,945
Interest expense	<u>(8,761,732)</u>	<u>-</u>	<u>(8,761,732)</u>
Income before operating transfers & special items	15,534,386	-	15,534,386
Special items	505,000	-	505,000
Other non-operating, net	1,529,782	-	1,529,782
Transfers, net	<u>(11,411,380)</u>	<u>-</u>	<u>(11,411,380)</u>
Changes in net position	6,157,788	-	6,157,788
Net position, beginning of period	<u>179,430,914</u>	<u>2,120,632</u>	<u>181,551,546</u>
Prior period adjustment	(7,135,442)	-	(7,135,442)
Net position, beginning of period, restated	<u>172,295,472</u>	<u>2,120,632</u>	<u>174,416,104</u>
Net position, end of period	<u>\$ 178,453,260</u>	<u>\$ 2,120,632</u>	<u>\$ 180,573,892</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Discretely presented component unit

The City has included the Bryan Business Council, Inc. ("BBC") in its financial statements as a discretely presented component unit, since the City is financially accountable for the entity. The BBC, a non-profit corporation, was originally formed to market properties within the City owned Bryan Industrial Park. In addition, the BBC currently serves as an economic development arm of the City, and as such, provides a financial benefit to the City. The City provides coverage for the board of directors under the City's officer and employee liability plan and provides limited administrative support to the BBC. The BBC's board of directors is appointed by and serves at the discretion of the Bryan City Council. The Bryan City Council also directs the work plan and objectives of the BBC. Financial statements may be obtained by contacting:

The Bryan Business Council, Inc.
P. O. Box 1000
Bryan, Texas 77805

Cooperative Efforts

In January 2010, the City of Bryan entered into an Interlocal Cooperation Agreement with the City of College Station to create a local government corporation under Subchapter D of Chapter 431, Texas Transportation Code, to be known as the Brazos Valley Solid Waste Management Agency, Inc. ("BVSWMA"). The purpose of this Corporation is to finance, construct, own, manage and operate the existing and future municipal solid waste landfill facilities on behalf of the two cities. The City's one-half undivided interest in BVSWMA is reported in the Solid Waste Fund (see Note 14).

The City's financial statements do not include the Texas Municipal Power Agency ("TMPA"). TMPA, a separate municipal corporation, is a joint venture entered into by the Texas cities of Bryan, Garland, Denton and Greenville for the purpose of obtaining the economic advantages of jointly financing, constructing and operating electric generating units and transmission grid to supply the cities' electric energy needs. The eight-member board of directors of TMPA includes two members appointed by the Bryan City Council. The City has an ongoing financial interest in TMPA due to the City's guarantee of a portion of TMPA's debt (see Note 13).

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage, and maintain employment, commerce, and economic development in the City and the County (see Note 21).

Government-wide and fund financial statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

In fund financial statements (the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances, the Proprietary Funds Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Net Position and the Fiduciary Fund Statement of Fiduciary Net Position), the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column in the appropriate governmental fund and proprietary fund statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

The Debt Service Fund accounts for the financial resources accumulated for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Other Governmental Funds is a summarization of all the non-major governmental funds, including Special Revenue, Capital Projects, and Permanent funds. The purpose and source of revenue for each Special Revenue fund is:

- Grant Fund – The source of funds is grants awarded to the City. The use of these funds is restricted by the terms of each grant.
- Community Development Fund – The source of funds is federal grants awarded to the City and use of the grant money is restricted by the terms of the grants. Primarily, the Community Development fund provides programs and services to low and moderate income persons.
- Hotel and Motel Room Tax Fund – The source of funds is the hotel occupancy tax. The use of these funds is restricted by the tax code of the State of Texas.
- Sidewalks Fund – This fund was established by City of Bryan Ordinance to track money from developers and property owners for the construction and maintenance of sidewalks.
- Court Technology Fund – This fund was established by City Ordinance and the source of funds is a \$4.00 fee for each case that comes before the City’s Municipal Court. These funds are restricted to technology necessary for the Court’s operations.
- Street Improvement Fund – Per the City of Bryan Code of Ordinances, a transportation user fee was established in order to provide a properly maintained road system. That fee is the source of revenue for this fund. The use of these funds is restricted to the purposes of planning, constructing, operating, monitoring and maintaining the transportation system of the City.
- Drainage Improvement Fund – The drainage fee was established by the City of Bryan Code of Ordinances and is the source of funds for this fund. These funds can only be used for the City’s drainage system.
- Tax Increment Reinvestment Zone #10 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #19 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #21 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.
- Tax Increment Reinvestment Zone #22 - The source of funds is the incremental property tax revenue from the appreciated appraised value of this TIRZ. The use of these funds is restricted to the geographical area within this zone.

Proprietary funds include enterprise and internal service funds and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are a determination of net income, financial position and cash flow. All assets and liabilities are included in the Statement of Net Position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. At fiscal year end, the City accrues estimated unbilled revenues (excluding fuel expense) for electric, water, and wastewater customers.

The City reports the following major enterprise funds:

The City Electric Fund (Bryan Texas Utilities or BTU) accounts for the activities necessary to provide electric services to the residents of the City. These activities include administration, electric generation, distribution, transmission system operations and maintenance, new construction, financing and related debt service, and billing and collection.

The Rural Electric Fund accounts for the activities necessary to provide electric services to its customers living outside the City and within its service area. These activities include electric distribution, operations and maintenance, new construction, financing and related debt service. Administrative, billing and collection services are provided by the City Electric Fund.

The Water Fund accounts for the activities necessary to provide water services to the residents of the City. These activities include administrative services, water production and distribution system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under a contractual agreement.

The Wastewater Fund accounts for the activities necessary to provide wastewater collection and treatment services to the residents of the City. These activities include administrative services, wastewater system operations and maintenance, new construction, financing and related debt service. Billing and collection services are provided by the City Electric Fund under a contractual agreement.

Other Enterprise Funds is a summarization of all of the non-major enterprise funds of the City.

Internal service funds account for the City's central warehouse function, administration of self-funded health insurance provided to City employees, and the City's risk management activities, including general liability and workers' compensation claims and associated administrative expenses on a cost reimbursement basis.

The Payroll Fund, a fiduciary fund, accounts for the City's payroll funds. Each of the other funds contributes its respective share of personnel costs to the Payroll Fund. Employee wages, associated employment taxes and employee benefits are paid from the fund. This fund is excluded from the government-wide Statement of Net Position and Statement of Activities since the assets are not available to support the City's own programs.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Measurement focus, basis of accounting, and financial statement presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The operating statements present increases (revenues) and decreases (expenses) in net total assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes available if they are collected within sixty (60) days of the end of the current fiscal period. A one hundred twenty (120) day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, investment income and intergovernmental revenues. Sales taxes collected and held by the State at year end on behalf of the City are also recognized as revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available when cash is received by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are payments-in-lieu-of taxes, payments for use of rights-of-way, and other charges between the City's electric, water, wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB").

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Budgetary Control

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds and the permanent funds. Capital project fund expenditures are effectively controlled through bond indenture provisions. Permanent funds are controlled by the trust agreements which established the funds. All unexpended appropriations lapse at fiscal year-end.

The City Charter establishes the City's fiscal year as the twelve-month period beginning October 1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City's departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year. Prior to September 1, the City Manager submits to the City Council a proposed operating budget of estimated expenditures and revenues.

Upon receipt of the budget estimate the City Council publishes notice of and conducts public hearings on the proposed budget to obtain citizen comment. Prior to October 1, the budget is legally enacted through passage of the Appropriations Ordinance.

The City Manager is authorized to transfer budgeted amounts between line items and departments within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (the level at which expenditures may not legally exceed appropriations) is the fund level.

Budgeted amounts are as originally adopted, or as amended in accordance with the annual appropriations ordinance.

Encumbrance accounting is employed in governmental funds. Encumbrances (purchase orders and contracts) outstanding at fiscal year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the amounts will be re-appropriated and honored in the subsequent year.

Cash and Investments

Cash for all funds, including restricted cash, but excluding fiduciary fund cash and BTU City and Rural Electric cash, is pooled into common accounts in order to maximize investment opportunities. Each fund participating in the pools has an equity interest therein. Investment earnings on these monies are allocated based upon relative equity at month end. An individual fund's pooled cash and investments are available upon demand. Negative balances incurred in pooled cash at fiscal year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

Marketable securities with an original maturity of three months or less are considered to be cash equivalents.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Investments of all funds are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Inventories

All inventories are valued at average cost. Inventories owned by the Enterprise and Internal Service Funds are accounted for using the consumption method (an expense is recorded when the inventory item is used).

Prepaid Energy Costs

The Texas Municipal Power Agency's ("TMPA") rates for the purchase of electricity billed to the City Electric System (BTU) are designed to cover TMPA's annual system costs including debt service costs. During the fiscal year ended September 30, 2010, BTU, along with other TMPA member cities, issued debt in their own names to refund a portion of TMPA debt and to finance certain capital improvements of TMPA. Such amounts have been accounted for as a prepayment of future energy costs on the Statement of Net Position and are amortized through 2019, the life of the associated debt. Additionally, in 2007, BTU entered into a purchase power agreement with a subsidiary of Shell Energy North America (U.S.), L.P. As a part of the agreement, BTU prepaid \$14,000,000 of generation capacity costs. The prepayment is being amortized over the life of the agreement which extends through December 31, 2017. The amortization of prepaid energy costs is reported on the Statement of Revenues, Expenses and Changes in Net Position in depreciation and amortization and totaled \$8,300,717 for the fiscal year ended September 30, 2015.

Other Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as "Due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of both Governmental and Proprietary Funds.

The City allocates to the proprietary funds a percentage of indirect costs incurred to provide general and administrative support services to those funds that are paid through the General Fund.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary funds.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. To the extent the construction is performed by the City, the cost includes payroll and related costs and certain general and administrative expenses. Interest is not capitalized in these accounts because interest is recovered concurrently in the proprietary fund rate structure. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Assets capitalized have an original cost of \$5,000 or more and three or more years of useful life.

Depreciation has been calculated on each class of depreciable property using the straight-line method over the following estimated service lives:

	<u>Estimated Service Lives</u>
Buildings & improvements	15 - 40 years
Water and wastewater systems	40 years
Electric system	20 - 30 years
Electric generating and related equipment	20 - 40 years
Improvements other than buildings	5 - 40 years
Machinery and equipment	3 - 10 years
Library books	15 years
Software	3 years
Streets	20 years
Sidewalks	20 years
Traffic signals	20 years
Storm drains	35 years
Bridges and culverts	40 years
Works of art and historical treasures	Determined on individual basis

Minimum Fund Balance Policy

The City has set financial guidelines regarding the retention of General Fund fund balances and reserves, to ensure that adequate funds are available to cover daily operating expenditures and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

standard to maintain a General Fund minimum fund balance of 60 days of annual operating expense totals.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Bond Issuance Expenses

According to the financial reporting requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance expenses are to be expensed as incurred. Issuance expenses are reported on the Statement of Activities on the Government-Wide Financial Statements for Governmental Activities in interest on long-term debt expense and on the Statement of Revenues, Expenses, and Changes in Fund Balances in interest and fiscal charges. These amounts totaled \$67,859 for the fiscal year ended September 30, 2015. Issuance expenses for Business-Type Activities are reported on the on the Statement of Revenues, Expenses and Changes in Net Position in interest expense and totaled \$44,691 for the fiscal year ended September 30, 2015.

Utility Revenues, Fuel Recovery, and Regulatory Recovery

BTU City and Rural Electric Customers are billed on the basis of monthly cycle billings. At year end, the City and Rural Electric Systems accrue estimated unbilled revenues for the period ended September 30. The difference between fuel revenue billed and fuel expense incurred is recorded as an addition or a reduction to fuel and purchased power expense, with a corresponding entry to accounts payable – over recovered fuel or accounts receivable – under recovered fuel, whichever is appropriate. At September 30, 2015 the City Electric System reported a current liability – over recovered fuel of \$2,173,575. At September 30, 2015 the Rural Electric System reported a current asset – under recovered fuel of \$1,030,124.

The difference between regulatory revenue billed and regulatory expense incurred is recorded as an addition or a reduction to transmission cost of service expense, with a corresponding entry to accounts payable – over recovered regulatory fee or accounts receivable – under recovered regulatory fee, whichever is appropriate. At September 30, 2015 the City Electric System reported a current asset – under recovered regulatory fee of \$1,200,665. At September 30, 2015 the Rural Electric System reported a current asset – under recovered regulatory fee of \$138,871.

Deferred Regulatory Liability

To better align certain benefits received with BTU's retail rate design, the City Electric System utilizes regulatory accounting treatment for the funds it collects from customers and developers as contributions of aid in construction (AIC) under GASB Statement No. 62, *Codification of Accounting*

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB & AICPA Pronouncements. The City Electric System recognizes AIC received as a deferred regulatory liability in the deferred inflows section of the Statements of Net Position. The deferred regulatory liability is amortized to depreciation expense over the life of the asset constructed. During the fiscal year ended September 30, 2015, the City Electric System collected \$320,599 of AIC. During the fiscal year ended September 30, 2015, the Rural Electric System collected \$1,841,186 of AIC.

Compensated Absences

The City's policy in effect during Fiscal Year 2015 allows employees to earn vacation leave at rates of 10 to 20 days (80 to 160 hours) per year with unlimited accumulation. Classified employees in the police and fire departments earn vacation at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, until the employee reaches 15 years employment at which time the rate of accrual becomes the same rate as that for other City employees. Upon termination, employees with a minimum of one year employment, who leave in good standing, are paid for unused vacation time up to a maximum of two times the employee's annual accrual rate at the time of separation.

City employees earn sick leave at a rate of 10 days (80 hours) per year and are permitted to accrue a maximum of 120 days (960 hours). Classified employees in the police and fire departments earn sick pay at the rate of 15 days (120 hours) per year in accordance with Texas Local Government Code, Chapter 143, with unlimited accumulation. Upon termination, classified police and fire department employees are paid for any unused sick leave up to a maximum of 90 days (720 hours or 1080 hours for shift firefighters). Non-classified employees are paid for accumulated sick leave up to a maximum of 240 hours upon termination, if they have a minimum of 480 hours accrued, dependent upon leaving in good standing and being continuously employed for a minimum of ten years in a regular, full time position immediately prior to separation.

The City accrues vacation and sick pay when the liability is incurred. Amounts related to governmental fund types are reported in the government-wide financial statements. The liabilities of the governmental fund types are typically liquidated by the General fund and Community Development fund. All amounts related to proprietary fund types are recorded within those funds.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

New Accounting Pronouncements, Changes in Accounting Principles, and Restatements

For the fiscal year ended September 30, 2015, the City adopted:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, amends the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to governmental employers that account for pensions that are provided through trusts, or equivalent arrangements. Employers are required to report the difference between the actuarial total pension liability and the pension plan's fiduciary net position as the net pension liability on the statement of net position. Previously, a liability was recognized only to the extent that contributions made to the plan were exceeded by the actuarially calculated contributions. Implementation of this pronouncement requires the City to restate net position. (See also Note 9.)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an amendment of GASB Statement No. 68*. This Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement, in conjunction with GASB Statement No. 68 requires the City to restate net position. (See also Note 9.)

The following table provides a reconciliation of net position at September 30, 2014, as previously reported to net position at September 30, 2014, as restated:

	Governmental Activities	Business Type Activities
Net Position, beginning of period - as previously reported	\$ 117,589,868	\$ 385,528,131
Net pension liability	(21,484,900)	(11,948,356)
Reverse net pension obligation as reported 9/30/14	4,417,571	2,453,427
Reverse pension accrual in Construction-in-Progress*	-	(299,496)
Net Position, beginning of period - as restated	\$ 100,522,539	\$ 375,733,706

*This reflects the amount of pension accruals that were allocated to construction-in-progress in prior periods. Amount is included as part of prior period adjustment and also restates prior period capital assets on the Statement of Net Position.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting guidance related to government combinations and disposals of government operations. The term *government combinations* refers to a variety of transactions and may be mergers, acquisitions, or transfers of operations. This standard sets forth definitions of each of these transaction types and sets forth the specific accounting and reporting treatment to be given for each. The Statement also provides accounting and reporting guidance for disposals of government operations that have been sold or transferred. The requirements of this Statement will be applied prospectively, beginning in the period of adoption. The effect of this guidance on the City will be limited to its impact on recognition of potential combination and disposal transactions into which the City may enter in the future. This pronouncement had no impact on the City in FY 2015.

The following guidance issued by GASB is effective for FY 2016 and is expected to be applicable to the City:

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

2. DEPOSITS AND INVESTMENTS

Deposits

State statutes require that all deposits in financial institutions be fully collateralized with depository insurance or by U.S. Government obligations or its agencies and instrumentalities; or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. At year-end, the City's demand deposits at BB&T were entirely covered by federal depository insurance or by collateral held by the Federal Reserve Bank in the City's name. At September 30, 2015 the amount of the City's demand deposits was \$70,203,708, BTU's demand deposits were \$55,308,235 and the combined bank balance was \$125,511,943.

Investments

The City's investment program is guided by State statutes, by various City ordinances and by the City's investment policy which amplifies those guidelines and prescribes how the City will operate its investment program in accordance with applicable laws and regulations.

The City's policy, which was adopted by the City Council on August 26, 2014, for the fiscal year ending September 30, 2015, sets forth (1) the basic principles governing the investment of City

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

funds; (2) the objectives of the City's investment program; and (3) the authority, responsibilities, limitations, documentation and requirements to be used in the administration and operation of the City's investment program.

Investments authorized by the investment policy are those approved by the revised State of Texas Public Funds Investment Act, Chapter 2256. These investments include the following:

- a. Direct obligations of the United States or its agencies and instrumentalities;
- b. Debentures or discount notes issued by, guaranteed by, or for which the credit of any Federal Agencies and Instrumentalities is pledged for payment;
- c. Direct obligations of the State of Texas or its agencies;
- d. Bonds or other obligations, the principal and interest of which is guaranteed by the full faith and credit of the United States;
- e. Certificates of deposit issued by state and national banks within the state of Texas that are secured by obligations qualified as acceptable collateral;
- f. Certificates of deposit issued by savings and loan associations within the state of Texas that are secured by obligations qualified as acceptable collateral;
- g. Bankers Acceptances eligible for discounting with the Federal Reserve maturing within 90 days;
- h. Commercial paper with a stated maturity of 180 days or less from the date of issuance that is rated not less than A-1, P-1, F-1 or its equivalent;
- i. Fully collateralized repurchase agreements having a defined termination date of 90 days or less, secured by qualified obligations, pledged with a third party, and placed through a primary government securities dealer as defined by the Federal Reserve, or a bank domiciled in Texas;
- j. Money-market mutual funds that are SEC registered no-load funds with dollar-weighted average portfolio maturity of 90 days or less;
- k. The City utilizes local government investment pools rated no lower than AAA or AAA-m from at least one nationally recognized rating agency;
- l. Hedging contracts and related security insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations;

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

- m. Reverse repurchase agreements are allowed only if the term does not exceed 90 days after delivery, and money received is used to acquire additional authorized investments with a maturity date not to exceed the expiration date stated in the agreement.

The City's investment policy prohibits the substitution of collateral on repurchase agreements without prior approval of the City.

At September 30, 2015, the fair market value of the City's portfolio is as follows:

	<u>Fair</u> <u>Value</u>	<u>Percentage</u> <u>of Total</u>	<u>Wgt. Avg.</u> <u>Maturity</u>	<u>Credit</u> <u>Risk</u>
U. S. Agencies and Instrumentalities	\$ 50,504,940	26.82%	1030	AAA
Collateral Deposits	6,679,019	3.55%		
Investments in Government Pools	8,013,378	4.25%	1 day	AAAm
Cash	123,138,055	65.38%	1 day	
Total Investments and deposits	<u>\$ 188,335,392</u>	<u>100.00%</u>		

Investments of all funds are stated at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

The revenue bond ordinances require disclosure of the investments held by the reserve fund. Sufficient investments exist in the pool to adequately meet reserve fund requirements. A detailed list of those securities is available in the office of the Chief Financial Officer.

Custodial Risk – City deposits in excess of the \$250,000 amount covered by the Federal Depository Insurance Corporation (“FDIC”) must be secured by authorized securities with a market value equal to or greater than 105% of the total deposits. At September 30, 2015, all City deposits were insured or adequately collateralized.

Interest Rate Risk – The City minimized the risk associated with the decline in market value of securities due to rising interest rates (interest rate risk) by maintaining a (“buy and hold”) strategy whereby investment securities are purchased with the intent to hold the securities in the portfolio until maturity. Additionally, the City's Investment Policy limits the weighted average maturity of all securities and Certificates of Deposit in the City's portfolio to no more than three years at any given time. The City's investment strategy acts to reduce interest rate risk through investing funds to meet cash flow requirements; monitoring the credit ratings of portfolio investments to assure compliance with the Investment Policy and the Texas Public Funds Investment Act; and investing in a diversified portfolio of assets including obligations of the United States and its agencies and instrumentalities, money market mutual funds, and government investment pools.

Credit Risk and Concentration of Credit Risk – In compliance with the City's Investment Policy and the Texas Public Funds Investment Act, the City managed credit risk through portfolio diversification

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

by limiting investments to avoid over concentration in securities from a specific issuer; limiting investments in securities with high credit risk; and investing in securities with varying maturities. At September 30, 2015, the City had no single investment category that exceeded 10% of investable funds.

Foreign Currency Risk – By virtue of the City’s Investment Policy and the Texas Public Funds Investment Act, the City is not exposed to foreign currency risk because the City is not authorized to maintain deposits or investments denominated in a foreign currency.

3. PROPERTY TAXES

Property tax is levied each October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the City. Taxable assessed value represents the appraisal value less applicable exemptions authorized by the City Council.

Taxpayers have two options for paying property taxes, the full payment option or the split payment option. Taxpayers electing the full payment option have from October 1 of the tax year to January 31 of the following year to pay the full amount of taxes without penalty or interest. Taxes become delinquent on February 1. Any unpaid balance will accrue penalty and interest. Taxpayers electing the split payment option have from October 1 to November 30 of the tax year to pay half of the tax amount. The remaining half may be paid without penalty or interest any time on or before June 30 of the following year. Taxes become delinquent on July 1.

Taxpayers who were 65 years of age or older on January 1, and have filed an application for exemption may pay the taxes on their homestead in four equal installments. Quarterly payments are due January 31, March 31, May 31, and July 31.

Delinquent taxes are subject to interest and penalty charges. The tax rate to finance general governmental services including debt service was 62.999 cents per \$100 of assessed valuation for the year ended September 30, 2015. Under provisions adopted by the City, the maximum tax rate is limited to \$1.50 per \$100 of assessed valuation.

The Brazos County Appraisal District (“Appraisal District”) is responsible for the recording and appraisal of property for all taxing units in the County. The Appraisal District is required to assess property at 100% of its appraised value. Real property must be reappraised at least every three years. The City may, at its own expense, require annual reviews by the Appraisal District through various appeals and, if necessary, legal action. Under this system, if the rate, excluding tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The Brazos County Tax Office bills and collects the property taxes of the City.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance October 1	Additions / Completions	Retirements / Adjustments	Balance September 30
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 11,591,736	\$ -	\$ -	\$ 11,591,736
Construction in Progress	5,247,939	1,851,749	(3,007,933)	4,091,755
Total capital assets not being depreciated	<u>16,839,675</u>	<u>1,851,749</u>	<u>(3,007,933)</u>	<u>15,683,491</u>
Capital assets, being depreciated				
Buildings	42,835,334	240,267	(4,292,056)	38,783,545
Equipment	30,465,396	2,156,858	(708,074)	31,914,180
Improvements	31,909,671	288,780	-	32,198,451
Infrastructure	180,812,706	5,348,260	-	186,160,966
Total capital assets being depreciated	<u>286,023,107</u>	<u>8,034,165</u>	<u>(5,000,130)</u>	<u>289,057,142</u>
Less accumulated depreciation for:				
Buildings	(15,924,316)	(1,049,946)	2,512,333	(14,461,929)
Equipment	(22,521,047)	(2,074,153)	678,084	(23,917,116)
Improvements	(21,488,712)	(1,308,673)	-	(22,797,385)
Infrastructure	(85,268,842)	(6,790,204)	-	(92,059,046)
Total accumulated depreciation	<u>(145,202,917)</u>	<u>(11,222,976)</u>	<u>3,190,417</u>	<u>(153,235,476)</u>
Total capital assets being depreciated, net	<u>140,820,190</u>	<u>(3,188,811)</u>	<u>(1,809,713)</u>	<u>135,821,666</u>
Governmental activities capital assets, net	<u>\$ 157,659,865</u>	<u>\$ (1,337,062)</u>	<u>\$ (4,817,646)</u>	<u>\$ 151,505,157</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 16,701,003	\$ -	\$ -	\$ 16,701,003
Construction In Progress	65,424,449	30,293,749	(73,589,316)	22,128,882
Total capital assets not being depreciated	<u>82,125,452</u>	<u>30,293,749</u>	<u>(73,589,316)</u>	<u>38,829,885</u>
Capital assets, being depreciated				
Buildings	1,920,180	-	-	1,920,180
Equipment	13,192,580	1,306,565	(685,894)	13,813,251
Improvements	664,567,290	78,524,517	(4,822,468)	738,269,339
Total capital assets being depreciated	<u>679,680,050</u>	<u>79,831,082</u>	<u>(5,508,362)</u>	<u>754,002,770</u>
Less accumulated depreciation for:				
Buildings	(842,520)	(151,915)	-	(994,435)
Equipment	(9,425,510)	(1,045,122)	627,721	(9,842,911)
Improvements	(234,123,750)	(19,839,562)	5,719,079	(248,244,233)
Total accumulated depreciation	<u>(244,391,780)</u>	<u>(21,036,599)</u>	<u>6,346,800</u>	<u>(259,081,579)</u>
Total capital assets being depreciated, net	<u>435,288,270</u>	<u>58,794,483</u>	<u>838,438</u>	<u>494,921,191</u>
Business-type activities capital assets, net	<u>\$ 517,413,722</u>	<u>\$ 89,088,232</u>	<u>\$ (72,750,878)</u>	<u>\$ 533,751,076</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:

General government and administration	\$ 1,298,100
Development services	732,242
Public works services	6,374,529
Public safety	1,743,124
Cultural and recreational	1,074,981
Total depreciation expense - Governmental activities	<u>\$ 11,222,976</u>

Business-type activities:

City Electric	\$ 12,033,227
Rural Electric	2,647,842
Water	2,702,592
Wastewater	2,691,000
Other Enterprise Funds	961,938
Total depreciation expense - Business-type activities	<u>\$ 21,036,599</u>

The City has active construction projects as of September 30, 2015. Total accumulated commitments for ongoing capital projects are composed of the following:

	<u>Committed</u>
Street improvements	\$ 8,584,499
Drainage improvements	1,162,500
Water system improvements	2,419,573
Wastewater system improvements	337,784
Total	<u>\$ 12,504,356</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

5. LONG-TERM DEBT

The following is a summary of long-term debt transactions (except vacation and sick pay and claims and judgments) for the year ended September 30, 2015:

	Beginning Balance	Issued	Matured/ Refunded	Ending Balance	Due within one year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 48,590,908	\$ 11,745,000	\$ 16,781,926	\$ 43,553,982	\$ 4,926,492
Certificates of Obligation	43,290,021	-	2,510,000	40,780,021	2,915,000
Total governmental activities	<u>91,880,929</u>	<u>11,745,000</u>	<u>19,291,926</u>	<u>84,334,003</u>	<u>7,841,492</u>
<u>Business-type Activities:</u>					
Water, Sewer & Airport Systems:					
General Obligation Bonds	8,359,093	-	673,074	7,686,019	684,181
Certificates of Obligation	7,540,000	-	960,000	6,580,000	990,000
Revenue Bonds	52,920,001	-	3,350,000	49,570,001	3,385,001
Electric System :					
General Obligation Bonds	-	7,735,000	-	7,735,000	730,000
Certificates of Obligation	40,240,000	-	1,045,000	39,195,000	1,225,000
Revenue Bonds	189,100,000	-	20,185,000	168,915,000	11,990,000
Total business type activities	<u>298,159,094</u>	<u>7,735,000</u>	<u>26,213,074</u>	<u>279,681,020</u>	<u>19,004,182</u>
Total long-term debt	<u>\$ 390,040,023</u>	<u>\$ 19,480,000</u>	<u>\$ 45,505,000</u>	<u>\$ 364,015,023</u>	<u>\$ 26,845,674</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Long-term debt at September 30, 2015 consists of bonds and certificates of obligation maturing serially and is summarized as follows:

Issue	Interest Rates (%)	Series Matures	First Callable Date	Governmental	Business- type	Total
General Obligation Bonds:						
Refunding, Series 2010	2.00 - 4.00	2021	None	6,455,000	-	6,455,000
Refunding, Series 2013	2.00 - 3.50	2026	08/15/23	18,907,480	5,562,520	24,470,000
Refunding, Series 2014	2.00 - 3.25	2031	08/15/24	6,446,502	2,123,499	8,570,001
Refunding, Series 2015	2.00 - 4.00	2025	None	<u>11,745,000</u>	<u>7,735,000</u>	<u>19,480,000</u>
Total General Obligation Bonds				<u>43,553,982</u>	<u>15,421,019</u>	<u>58,975,001</u>
Certificates of Obligation:						
Combination Tax & Revenue, Series 2007	4.00 - 4.25	2026	08/15/16	8,680,000	-	8,680,000
Combination Tax & Revenue, Series 2008	4.00 - 5.00	2028	08/15/18	7,915,000	-	7,915,000
Combination Tax & Revenue, Series 2009	3.00 - 5.00	2029	08/15/19	6,305,000	-	6,305,000
Combination Tax & Revenue, Series 2010	2.00 - 4.38	2030	08/15/20	10,545,000	-	10,545,000
Combination Tax & Revenue Refunding, Series 2011	3.00 - 4.00	2022	None	-	6,580,000	6,580,000
Combination Tax & Revenue, Series 2013	3.00 - 4.25	2023	08/15/23	-	5,170,000	5,170,000
Combination Tax & Revenue, Series 2014	2.00 - 5.00	2039	08/15/24	<u>7,335,021</u>	<u>34,025,000</u>	<u>41,360,021</u>
Total Certificates of Obligation				<u>40,780,021</u>	<u>45,775,000</u>	<u>86,555,021</u>
Revenue Bonds:						
Water and Sewer System Revenue, Series 2007	4.00 - 5.00	2032	07/01/17	-	25,955,000	25,955,000
Water and Sewer System Revenue, Series 2009A	2.50 - 4.63	2029	07/01/19	-	4,380,000	4,380,000
Sewer System Revenue, Series 2009B	1.35 - 2.60	2019	None	-	550,000	550,000
Water Revenue, Series 2010A	2.00 - 4.25	2030	07/01/20	-	4,160,000	4,160,000
Sewer System Revenue, Series 2011	0.00 - 2.70	2030	None	-	14,525,000	14,525,000
Electric System Revenue City, Series 2006	4.00 - 5.00	2031	07/01/16	-	9,295,000	9,295,000
Electric System Revenue City, Series 2007	4.25 - 5.25	2032	07/01/17	-	25,665,000	25,665,000
Electric System Revenue City, Series 2008	4.00 - 5.25	2033	07/01/17	-	26,940,000	26,940,000
Electric System Revenue Rural, Series 2008	3.50 - 4.75	2034	07/01/17	-	5,220,000	5,220,000
Electric System Revenue City, Series 2009	4.00 - 5.00	2034	07/01/17	-	21,025,000	21,025,000
Electric System Revenue City, Series 2010	4.00 - 5.00	2019	07/01/17	-	26,765,000	26,765,000
Electric System Revenue Rural, Series 2011	3.00 - 5.00	2021	None	-	1,925,000	1,925,000
Electric System Revenue City, Series 2012	3.13 - 5.00	2037	07/01/22	-	<u>52,080,001</u>	<u>52,080,001</u>
Total Revenue Bonds				<u>\$ -</u>	<u>\$ 218,485,001</u>	<u>\$ 218,485,001</u>
Total long-term debt				<u>\$ 84,334,003</u>	<u>\$ 279,681,020</u>	<u>\$ 364,015,023</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Debt service requirements to maturity for all bonds, certificates of obligation, contractual obligations and notes payable are summarized as follows:

General Obligation Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	4,926,492	1,220,738	1,413,508	410,913	7,971,652
2017	4,734,136	1,120,847	1,430,864	388,638	7,674,485
2018	4,836,531	1,005,164	1,463,469	360,021	7,665,185
2019	4,576,005	879,858	1,398,995	327,002	7,181,860
2020	4,699,991	767,238	1,430,009	299,022	7,196,260
2021-2025	17,366,671	1,869,527	7,498,329	804,698	27,539,225
2026-2030	2,117,029	201,418	687,971	66,019	3,072,438
2031	297,126	9,657	97,875	3,181	407,839
Total	<u>\$ 43,553,982</u>	<u>\$ 7,074,447</u>	<u>\$ 15,421,019</u>	<u>\$ 2,659,495</u>	<u>\$ 68,708,943</u>

Certificates of Obligation

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	2,915,000	1,610,959	2,215,000	1,533,044	\$ 8,274,003
2017	2,415,000	1,520,509	2,275,000	1,476,644	7,687,153
2018	2,505,000	1,432,634	2,260,000	1,408,394	7,606,028
2019	2,600,000	1,335,884	2,235,000	1,348,744	7,519,628
2020	2,695,000	1,234,621	2,180,000	1,288,925	7,398,546
2021-2025	14,825,000	4,513,506	9,030,000	5,430,760	33,799,267
2026-2030	11,175,000	1,467,699	8,560,000	4,002,105	25,204,804
2031-2035	1,650,021	148,253	9,330,000	2,440,611	13,568,885
2036-3038	-	-	7,690,000	740,145	8,430,145
Total	<u>\$ 40,780,021</u>	<u>\$ 13,264,064</u>	<u>\$ 45,775,000</u>	<u>\$ 19,669,372</u>	<u>\$ 119,488,457</u>

Revenue Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ -	\$ -	\$ 15,375,000	\$ 9,723,588	\$ 25,098,588
2017	-	-	14,805,000	9,073,865	23,878,865
2018	-	-	10,475,000	8,385,300	18,860,300
2019	-	-	31,560,000	7,960,568	39,520,568
2020	-	-	10,630,000	6,507,635	17,137,635
2021-2025	-	-	48,380,000	25,934,444	74,314,444
2026-2030	-	-	50,445,000	15,612,300	66,057,300
2031-2035	-	-	31,635,000	4,567,731	36,202,731
2036-3037	-	-	5,180,001	322,575	5,502,576
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,485,001</u>	<u>\$ 88,088,006</u>	<u>\$ 306,573,007</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Total Long Term Debt

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 7,841,492	\$ 2,831,697	\$ 19,003,508	\$ 11,667,545	\$ 41,344,242
2017	7,149,136	2,641,355	18,510,864	10,939,147	39,240,503
2018	7,341,531	2,437,798	14,198,469	10,153,715	34,131,513
2019	7,176,005	2,215,742	35,193,995	9,636,313	54,222,055
2020	7,394,991	2,001,860	14,240,009	8,095,582	31,732,441
2021-2025	32,191,671	6,383,033	64,908,329	32,169,902	135,652,936
2026-2030	13,292,029	1,669,117	59,692,971	19,680,425	94,334,542
2031-2035	1,947,147	157,909	41,062,875	7,011,524	50,179,455
2036-3037	-	-	12,870,001	1,062,720	13,932,721
Total	<u>\$ 84,334,003</u>	<u>\$ 20,338,511</u>	<u>\$ 279,681,020</u>	<u>\$ 110,416,872</u>	<u>\$ 494,770,406</u>

On July 28, 2015 the City issued general obligation refunding bonds totaling \$19,480,000. These bonds mature serially from August 15, 2016 through August 15, 2025 with coupon rates ranging from 2.0% to 4.0%. After the payment of issuance costs, the proceeds from the sale of the 2015 general obligation bonds are restricted to refunding portions of the City's outstanding debt and thus lowering the overall debt service requirements of the City. Proceeds from the sale of the bonds were used to refund a total of \$20,130,000, which includes \$12,150,000 of general obligation refunding bonds and \$7,980,000 of City Electric System Revenue Refunding Bonds. This represents a deferred gain of \$597,031, a net present value benefit savings of \$2,460,031, and an economic gain of \$2,748,676 by an average interest rate of 2.104%.

The net revenues of the City Electric Fund, Rural Electric Fund, Water and Wastewater Systems are pledged for the payment of each funds' respective revenue bonds. Net revenues, as defined by the various revenue bond ordinances, include substantially all of the revenues and expenses of each respective system other than certain interest income and expense and depreciation and amortization. These bond ordinances further require that the net revenues as defined equal at least 1.10 times the average annual debt service on all outstanding City Electric Fund revenue bonds, 1.20 times the average annual debt service on all outstanding Rural Electric Fund revenue bonds and 1.25 times the average annual debt service on all outstanding Water and Wastewater System revenue bonds.

Under the terms of the bond covenants, City Electric and Rural Electric Funds are required to maintain minimum reserve fund requirements equal to approximately one year of debt service requirements. The reserve fund requirements may be satisfied by cash, letter of credit or an insurance policy. The reserve fund requirements for the Series 2008, 2009, 2010, 2011, and 2012 Bonds are satisfied with restricted funds. The reserve fund requirements for the City Electric Fund Series 2006, Series 2007 bonds are satisfied with insurance policies, as are the Rural Electric Fund's Series 2008 bonds. There are no reserve requirements for the 2013 and 2014 certificates.

The ordinance authorizing the Waterworks and Sewer System revenue bonds stipulates that the City will deposit certain amounts into a reserve fund for the purpose of retiring the last of the bonds as

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

they become due or to pay principal of and interest on the outstanding bonds if necessary. The ordinance also allows the City to replace or substitute a credit facility for cash or investments on deposit in the reserve fund. For the Series 2007 and 2009A bonds, the City has exercised the option to replace the reserve fund requirement with a surety bond.

The City reserves the right at any time to merge its City Electric Fund and its Rural Electric Fund into a single operating electric utility system. The merger of the Rural Electric Division would not have an adverse impact on the bondholders.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the City to rebate excess arbitrage earnings from bond proceeds to the federal government. As provided for by the bond ordinances, this amount would be as a liability in the Proprietary funds for the benefit of the federal government and will be paid as required by applicable regulations.

Other long term liabilities

Changes in the accrual for unpaid vacation and sick pay are detailed below:

	Year Ended September 30, 2015		
	Governmental Activities	Business-type Activities	Total
Beginning balance	\$ 6,241,310	\$ 1,165,356	\$ 7,406,666
Plus additions	2,230,549	559,419	2,789,968
Less payments	(1,494,669)	(452,960)	(1,947,629)
Ending balance	<u>\$ 6,977,190</u>	<u>\$ 1,271,815</u>	<u>\$ 8,249,005</u>
Amount due in one year	\$ 2,232,701	\$ 406,982	\$ 2,639,683
Amount due in over one year	\$ 4,744,489	\$ 864,833	\$ 5,609,322

6. PRIOR-YEAR DEFEASANCE OF DEBT

In FY 2015 and prior years, the City defeased certain outstanding general obligation bonds, certificates of obligation and revenue bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

As of September 30, 2015, the City had outstanding General Obligation bonds and Certificates of Obligation totaling \$56,270,000 which were considered defeased.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

7. BONDS AVAILABLE FOR SALE

Authorized general obligation bonds available for future issue are as follows:

	<u>Year Authorized</u>	<u>Unissued Amount</u>
Streets	1984	\$ 8,225,000
Parks and Recreation Facilities	1984	1,775,000
Railroad Grade Separation	1984	2,850,000
Sanitary Landfill	1984	<u>200,000</u>
Total		<u>\$ 13,050,000</u>

During the fiscal year 1984, the City Council voted to comply with the option provided by state law that does not require voter approval on revenue bonds prior to issuance.

8. NATURE AND PURPOSE OF CLASSIFICATION OF FUND EQUITY

The fund balance classifications for Governmental Funds are:

- Nonspendable – includes fund balance amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through the adoption of an ordinance by the City Council. In order for fund balance to be committed, the City Council must adopt an ordinance stating the purpose for which the fund balance is committed. These committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (adoption of an ordinance) it employed to previously commit these amounts.
- Assigned – includes fund balance amounts that are self-imposed by the City to be used for a particular purpose. Fund balance can be assigned by the City Manager, the Chief Financial Officer or their designee. This authority was delegated to the City Manager and the Chief Financial Officer by formal resolution of the City Council. Assignments also include encumbrances for streets, drainage and capital projects.
- Unassigned – includes the residual fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Similarly, committed fund balances are reduced first followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are available.

The City's classification of fund balances is as follows at September 30, 2015:

	General Fund	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Nonspendable:						
Permanent Funds Corpus	\$ -	\$ -	\$ -	\$ -	\$ 895,724	\$ 895,724
Other Purposes	109,393	-	-	-	-	109,393
Restricted for:						
Debt Service	-	6,080,301	-	-	-	6,080,301
Grants	260,859	-	11,423	-	-	272,282
Hotel/Motel	-	-	1,784,048	-	-	1,784,048
Municipal Court	223,957	-	244,157	-	-	468,114
TIRZ Development	-	-	706,544	-	-	706,544
Capital Projects	-	-	-	7,465,788	-	7,465,788
Cemeteries	-	-	-	-	1,021,900	1,021,900
Police	78,500	-	-	-	-	78,500
Record Preservation	80,057	-	-	-	-	80,057
Other Purposes	77,210	-	1,808	-	-	79,018
Committed to:						
Parks	998,283	-	-	-	-	998,283
Libraries	186,366	-	-	-	-	186,366
Streets	-	-	12,387,623	-	-	12,387,623
Drainage	-	-	2,364,950	-	-	2,364,950
Severance Reserve	1,200,314	-	-	-	-	1,200,314
Assigned to:						
Encumbrances	1,531,754	-	-	-	-	1,531,754
Unassigned	30,621,712	-	(9,354)	-	-	30,612,358
Total fund balances	\$35,368,405	\$ 6,080,301	\$17,491,199	\$ 7,465,788	\$ 1,917,624	\$ 68,323,317

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Net position has been restricted at September 30, 2015 as follows:

Restricted for:	Business-Type Activities				Total
	Electric	Water	Waste Water	Other Enterprise	
Rate Stabilization	\$ 1,687,392	\$ -	\$ -	\$ -	\$ 1,687,392
Debt Retirement	10,552,883	-	-	-	10,552,883
Debt Service	3,703,801	1,161,501	2,046,583	-	6,911,885
Collateral Deposits	6,679,019	-	-	-	6,679,019
BVSWMA	-	-	-	13,588,808	13,588,808
Total	<u>\$ 22,623,095</u>	<u>\$ 1,161,501</u>	<u>\$ 2,046,583</u>	<u>\$ 13,588,808</u>	<u>\$ 39,419,987</u>

9. RETIREMENT PLAN

Plan Description

The City of Bryan participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

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 percentage had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. 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.

Employees covered by benefit terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	515
Inactive employees entitled to but not yet receiving benefits	388
Active employees	<u>824</u>
Total	1,727

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Bryan were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Bryan were 16.20% and 15.50% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$7,686,872, and were equal to the required contributions.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Changes in the Net Pension Liability

	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at 12/31/2013	\$ 263,183,703	\$ 224,239,250	\$ 38,944,453
Changes for the year:			
Service Cost	7,088,933	-	7,088,933
Interest	18,281,849	-	18,281,849
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,764,543)	-	(1,764,543)
Changes of assumptions	-	-	-
Contributions - employer	-	7,667,195	(7,667,195)
Contributions - employee	-	3,312,987	(3,312,987)
Net investment income	-	12,827,812	(12,827,812)
Benefit payments, including refunds of employee contributions	(11,117,789)	(11,117,789)	-
Administrative expense	-	(133,929)	133,929
Other changes	-	(11,011)	11,011
Net changes	<u>12,488,450</u>	<u>12,545,265</u>	<u>(56,815)</u>
Balance at 12/31/2014	<u>\$ 275,672,153</u>	<u>\$ 236,784,515</u>	<u>\$ 38,887,638</u>

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease in Discount Rate (6.00%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
City's net pension liability	\$79,923,757	\$38,887,638	\$5,450,213

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015 the city recognized pension expense of \$6,701,830.

At September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 1,386,599
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	2,295,148	-
Contributions subsequent to the measurement date	<u>5,530,875</u>	-
Total	<u>\$ 7,826,023</u>	<u>1,386,599</u>

\$5,530,875 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended December 31</u>
2015	\$ 195,843
2016	195,843
2017	195,843
2018	321,020
2019	-
Thereafter	-
Total	<u>\$ 908,549</u>

10. EMPLOYEE BENEFITS

The City established the Employee Benefits Trust Fund effective October 1, 1986, covering health benefits for eligible employees. At that time the Council approved a formal trust agreement establishing the Fund. Employee premium costs are shared by the City and the employee, while dependent coverage is paid by the employee. The City's contract with its third party administrator and reinsurer sets an individual stop loss deductible in the amount of \$150,000 and a maximum aggregate stop loss deductible of \$6,788,366 for the twelve month period which began January 1, 2015 and ends December 31, 2015. These stop loss levels apply to medical coverage only.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Prescription drug and dental coverage is not included. There were no significant reductions in insurance coverage in the current year from coverage in the prior year. For the City's aggregate stop loss coverage, there have been no settlements that have exceeded insurance coverage for the past three calendar years. However, the City has paid out \$178,272 for calendar year 2013, \$116,383 for calendar year 2014, and \$282,458 for calendar year 2015 to date in settlements that exceed insurance coverage applicable to individual stop loss coverage.

The following schedule represents the changes in claims liabilities for the year:

	<u>FY 2015</u>	<u>FY 2014</u>
Beginning balance unpaid claims	\$ 859,163	\$ 1,010,988
Incurred claims	8,047,486	6,667,978
Claim payments	<u>(7,910,931)</u>	<u>(6,819,803)</u>
Ending balance unpaid claims	<u>\$ 995,718</u>	<u>\$ 859,163</u>
Amounts due in one year	\$ 995,718	\$ 859,163

11. OTHER POST-EMPLOYMENT BENEFITS

Effective January 1, 1991, by action of the City Council, the City began offering post-retirement health care benefits to employees. Effective January 1, 1993, retiree spouses were granted eligibility for benefits. Dependents were granted eligibility effective January 1, 1994. This plan is a single employer defined benefit, other post-employment benefit plan. A separate, audited GAAP-basis post-employment benefit plan report is not available.

To qualify for healthcare an employee must be at least 60 years of age and have five years of TMRS service credit or have at least 20 years of service credit. In order to be eligible, employees must elect to retire at time of separation, must elect in writing to continue health benefits coverage at the time of separation, and must pay the appropriate premium. Coverage can continue for life.

Employees terminating before normal retirement conditions are not eligible for retiree health coverage. Employees who retire under a disability retirement are not eligible for retiree health coverage.

Eligible retirees may continue health insurance benefits for eligible spouses and dependents covered at the time of retirement. A dependent not covered under the plan at this time is not eligible for coverage. If the retiree elects to continue coverage for any dependent and on any subsequent date elects to discontinue coverage, the dependent is no longer eligible for coverage.

Survivors of employees who die while actively employed are not eligible for retiree health coverage. However, surviving spouses and dependents of Texas public officers (as defined by Texas Government Code, Chapter 615) killed in the line of duty are entitled to purchase continued health insurance benefits. The surviving spouse is entitled to continue to purchase health insurance coverage until the date the surviving spouse becomes eligible for federal Medicare benefits.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Surviving dependent minor children are entitled to continue health insurance coverage until the dependent reaches the age of 18 years or a later date to the extent required by state or federal law. A surviving dependent who is not a minor child is entitled to continue health insurance coverage until the earlier of: (1) the date the dependent becomes eligible for group health insurance through another employer or (2) the date the dependent becomes eligible for federal Medicare benefits. Eligible survivors are entitled to purchase the continued coverage at the group rate for that coverage that exists at the time of payment.

Surviving covered spouses and dependents of deceased retired employees may continue health care coverage for up to 36 months through COBRA.

Once the retiree or spouse is enrolled in Medicare, the City's plan becomes the secondary payer. Retiree is responsible for payment of any Medicare premiums. The City does not provide any cash payment in lieu of electing the City's health care plan. Retirees who do not elect to continue coverage at time of separation are not eligible to opt back in.

The City does not offer life insurance coverage for retirees or their dependents. Employees who retire are eligible to convert their group life insurance coverage to a Whole Life Policy without accidental death and dismemberment until the employee reaches age 100 or a Group Term Life with AD&D until the employee reaches age 70.

The City's health care plan includes medical, dental, and prescription coverage. Retiree health plan coverage is the same as coverage provided to active City employees in accordance with the terms and conditions of the current City of Bryan Health Plan. The City also offers a fully insured optional vision plan that retirees and their dependents may purchase. The City reserves the right to modify premium amounts, to modify eligibility requirements and to modify or discontinue retiree health benefits.

In the year ended September 30, 2015, retirees paid \$626,963 in premiums and \$1,329,277 in claims were paid for post-retirement health care and administrative charges. As of September 30, 2015, the City has 35 retirees, 39 retirees and spouses, 7 retirees and families and 4 retirees and child(ren) participating in the health plan, out of the 403 employees eligible to participate upon retirement. Expenses are recognized as retirees submit claims.

The City also provides health benefits as required by the Federal Government under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). COBRA requires employers that sponsor group health plans to provide continuation of group coverage to employees and their dependents under certain circumstances where coverage would otherwise end. Terminated employees who qualify under COBRA pay premium costs for themselves and dependents.

Expenses are recognized as claims when submitted. COBRA participants are reimbursed at the same levels as active employees. Participants paid premiums of \$9,143 and incurred claims and administrative expenses of \$20,649 during the year ended September 30, 2015. As of September 30, 2015, the City has 2 COBRA participants.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Future year estimated claims for all health plan participants are actuarially determined by the reinsurer. All assets of the Employee Benefits Trust Fund are available for future claim payments for health plan participants.

Prior to January 1, 2010, all retirees electing health plan coverage received a health premium subsidy averaging 40%. Beginning January 1, 2010, the City implemented new eligibility requirements for subsidized retiree premiums. The new eligibility requirements require retirees to meet the 'Rule of 80' (sum of age plus years of service at retirement must equal to at least 80), in order to receive the subsidized retiree premium. Retirees not meeting the 'Rule of 80' may still elect the City's retiree health plan coverage, but will not receive a subsidy.

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 45, *Accounting and Financial Reporting for Employers for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition and display of other postemployment benefit expenditures and related liabilities, and note disclosures in the financial report. Basically, public-sector employers must accrue the cost of other postemployment benefits (OPEB) over the active service life of benefiting employees. This statement was effective for the City for the fiscal year ending September 30, 2008.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its most recent OPEB valuation performed as of December 31, 2013, as required by GASB. The City's annual OPEB cost for the current year and prior two years is as follows:

	<u>FY 2015</u>	<u>FY 2014</u>	<u>FY 2013</u>
Annual required contribution (ARC)	\$ 900,753	\$ 874,517	\$ 975,990
Interest on OPEB obligation	126,299	96,503	73,122
Adjustment to ARC	<u>(117,015)</u>	<u>(89,409)</u>	<u>(44,631)</u>
Annual OPEB cost	910,042	881,611	1,004,481
Contributions made	<u>(702,316)</u>	<u>(219,484)</u>	<u>(484,903)</u>
Increase (decrease) in net OPEB obligation	207,726	662,127	519,578
Net OPEB obligation, beginning of year	<u>2,806,638</u>	<u>2,144,511</u>	<u>1,624,933</u>
Net OPEB obligation/(asset), end of year	<u>\$ 3,014,364</u>	<u>\$ 2,806,638</u>	<u>\$ 2,144,511</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal year ending September 30, 2015, and the preceding two fiscal years were as follows:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Fiscal Year	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
2013	\$ 1,004,481	\$ 484,903	48.3%	\$ 2,144,511
2014	881,611	219,484	24.9%	2,806,638
2015	910,042	702,316	77.2%	3,014,364

Funding status and funding progress

The City had actuarial valuations performed as of December 31, 2013, December 31, 2011, December 31, 2009, and May 31, 2008. The funded status of the City's retiree health care plan, under GASB Statement No. 45, is as follows:

	FY 2015	FY 2014	FY 2013
Actuarial value of plan assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	10,704,428	10,704,428	11,860,133
Unfunded AAL	(10,704,428)	(10,704,428)	(11,860,133)
Funded Ratio	-	-	-
Covered Payroll	48,991,679	46,907,165	46,141,173
UAAL as a % of Covered Payroll	22%	23%	26%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$10,704,428 at December 31, 2013.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The entry age normal method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Inflation rate	- 3.00% per annum
Investment rate of return	- 4.50%, net of expenses
Actuarial cost method	- Projected Unit Credit Cost Method
Amortization method	- Level as a percentage of employee payroll
Amortization period	- 30-year, open amortization
Payroll growth	- 3.00% per annum
Healthcare cost trend rate	- Initial rate of 7.50% declining to an ultimate rate of 5.00% after 10 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

12. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, as amended, is available to all employees, and permits them to defer a portion of their salary until future years. The plan funds are not available to employees until termination, retirement, death, or emergency.

All amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. This is in accordance with changes made to Section 457 of the Internal Revenue Code. Since the City is no longer the Plan Administrator or the trustee, the assets of the Plan are no longer a reportable fund in the City's basic financial statements.

Similar to the Section 457, the City of Bryan offered its employees the Retiree Health Savings (RHS) Plan. The plan allowed employees to make pre-tax contributions from their salary or accrued leave time to fund medical expenses for employees and their family on a tax-free basis during retirement. Once an employee elected to participate, this cannot ever be changed or revoked unless there is employment separation.

Like the Section 457, all amounts of compensation deferred under the plan (until paid or made available to the employee or other beneficiary) were placed in trust for the exclusive benefit of the participants and the beneficiaries. The City is not the Plan Administrator or the trustee; therefore, the assets of the Plan are not a reportable fund in the City's basic financial statements.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

13. TEXAS MUNICIPAL POWER AGENCY

The Texas Municipal Power Agency (“TMPA”) was created in July 1975 by concurrent ordinances of the Texas cities of Bryan, Denton, Garland, and Greenville (“Cities”) pursuant to Acts 1995 64th Leg. Ch. 143, sec 1 (the “Act”). Under the provisions of the Act, TMPA is a separate municipal corporation. TMPA is exempt from federal income tax under section 115 of the Internal Revenue code.

In September 1976, TMPA entered into identical Power Sales Contracts (the “Contract”) with each of the Cities for the purpose of obtaining the economic advantages of jointly financing, constructing and operating large electric generating units and related facilities to supply the Cities’ future energy needs. Under the Contract, the Cities are required to pay, for the benefits received or to be received by them from such activities, an amount sufficient to recover TMPA’s operating and maintenance expenses and the Bond Fund, Reserve Fund and Contingency Fund requirements of the Revenue Bond Resolutions. In addition, the Cities are obligated to guarantee the payment of TMPA’s bonds and commercial paper. At September 30, 2015, the City’s portion of outstanding TMPA bonds and commercial paper was approximately \$119.9 million and \$18.7 million, respectively.

As originally written in 1976, the Contract was a requirements contract, which obligated the Cities, with certain exceptions, to purchase their wholesale electricity requirements from TMPA. In 1997, the Contract was amended and converted from a requirements contract to a take-or-pay contract, under which each City is obligated to take or pay for a specified percentage of electricity from TMPA’s generating facility. Those percentages are Bryan 21.7%; Denton 21.3%; Garland 47%; and Greenville 10%. The amendment confirmed the Cities’ obligations to pay all costs of TMPA.

TMPA operates the Gibbons Creek Steam Electric Station (“Gibbons Creek”), a coal-fired generating plant located in Grimes County, Texas with a net generating capability of 462 MW. The plant began commercial operation October 1, 1983.

Under the current debt structure, all generation debt will be paid off by September 1, 2018, causing the Power Sales Contract to expire on that same date. Thereafter, all remaining debt will be transmission debt, payable solely from transmission system revenues. TMPA and the Cities are developing a plan in relation to the ownership, operational, and contractual issues associated with TMPA following September 1, 2018.

During the year ended September 30, 2015, the City Electric System (BTU) paid TMPA \$49,561,344 for power purchases and related activity under the contract. As of September 30, 2015 BTU had payables to TMPA amounting to \$1,189,070.

The TMPA’s Comprehensive Annual Financial Report for the year ended September 30, 2015 reported the following:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

	<u>FY 2015</u>
Total Assets	\$ 826,228,000
Total Deferred Outflows of Resources	9,471,000
Total Liabilities	801,623,000
Total Deferred Inflows of Resources	-
Total Net Position	<u>\$ 34,076,000</u>
 Change in Net Position for year ended September 30, 2015	 \$ 6,867,000

TMPA's audited financial statements may be obtained by writing TMPA, P.O. Box 7000, Bryan, TX 77805.

14. BRAZOS VALLEY SOLID WASTE MANAGEMENT AGENCY

In 2010, the City Councils of Bryan and College Station approved, through an interlocal agreement, the creation of a local government corporation, BVSWMMA, Inc., which currently owns and manages landfill operations for both Cities. The expectation was that a combined landfill operation will minimize solid waste management costs for both Cities. BVSWMMA, Inc. superseded a previous agreement established in 1990 which combined landfill operations under the then newly created Brazos Valley Solid Waste Management Agency (BVSWMMA). The powers of BVSWMMA, Inc. are vested in a seven member Board of Directors, consisting of appointees from each City Council.

The bylaws for BVSWMMA, Inc., establish powers that include the issuance of debt, acquisition of land and equipment, the hiring of a general manager and staff to maintain and operate the facilities and the establishment of tipping fees. BVSWMMA, Inc., revenues are derived from tipping fees paid by landfill customers that include the Cities of Bryan and College Station, other unaffiliated businesses and the general public.

BVSWMMA, Inc. owns two landfill sites. The initial landfill site known as Rock Prairie Landfill, located in College Station, was closed in 2011 as it reached operating capacity. The Twin Oaks Landfill, located in Grimes County, was opened in 2011 and has an expected capacity of over 50 years.

In 2010, the City issued \$5,145,000 in Certificates of Obligation, Series 2010 to finance the construction of the Twin Oaks Landfill site. BVSWMMA has agreed to pay the City an amount equal to the future debt service requirements of these certificates of obligation. At September 30, 2015 the City reported a receivable in the amount of \$4,150,000 of which \$230,000 is due and payable to the City within one year.

The City of Bryan and the City of College Station each recognize a 50% ownership in BVSWMMA, Inc. The City of Bryan's 50% ownership is reflected in the Solid Waste Fund.

BVSWMMA's audited annual financial statements for the year ended September 30, 2015 reported the following:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

	<u>FY 2015</u>
Total Assets	\$ 40,870,977
Total Liabilities	<u>13,693,361</u>
Total Net Position	<u>\$ 27,177,616</u>
Change in net position for the year ended September 30, 2015	\$ 1,358,643
Bryan's undivided 50% share of changes in net position for the year ended September 30, 2015	\$ 679,322

Audited financial statements for BVSWMA, Inc. may be obtained from:

BVSWMA, Inc.
2690 Hwy. 30
Anderson, TX 77830

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

15. INTERFUND BALANCES

Interfund receivable and payable balances at September 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
City Electric	General	\$ 52,520
Nonmajor governmental	General	94,111
Nonmajor governmental	City Electric	167,606
City Electric	Rural	4,858,109
Water	City Electric	466,132
Wastewater	City Electric	337,955
Nonmajor enterprise funds	City Electric	224,989
Internal service funds	City Electric	95,360
General	City Electric	25,314
General	Nonmajor governmental	209,736
General	Internal service	36,776
Total		<u>\$ 6,568,608</u>

Interfund receivable and payable balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. Transactions are recorded in the accounting system and payments between funds are made. The interfund balances presented agree with the sum of interfund balances in the balance sheet for governmental funds and statement of net position for proprietary funds.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

16. INTERFUND TRANSFERS

Interfund transfers for the year ended September 30, 2015 are as follows:

Transfers In	Transfers Out					Total	
	General Fund	Nonmajor Governmental Funds	City Electric Fund	Water Fund	Wastewater Fund		Nonmajor Enterprise Funds
General Fund	\$ -	\$ 300,000	\$ 11,411,380	\$ 612,491	\$ 639,191	\$ 2,340,506	\$ 15,303,568
Debt Service	195,742	2,223,094	-	-	-	-	2,418,836
Nonmajor governmental funds	405,000	-	-	-	-	-	405,000
Water Fund	32,567	-	-	-	-	-	32,567
Wastewater Fund	-	-	-	-	-	34,500	34,500
Nonmajor enter-prise funds	181,348	-	-	29,468	5,563	-	216,379
Total transfers out	\$ 814,657	\$ 2,523,094	\$ 11,411,380	\$ 641,959	\$ 644,754	\$ 2,375,006	\$ 18,410,850

Transfers are primarily used to move funds from:

- The proprietary funds to the General Fund for use of City owned rights-of-way and as payments in lieu of property taxes
- The proprietary funds to the Debt Service Fund as payments in lieu of property taxes
- The Capital Project Funds to the Water and Wastewater Funds as incidental utility system improvements made relative to street and drainage capital improvement projects
- The Tax Increment Reinvestment Zone Funds to the Debt Service Fund and Bryan Commerce and Development, Inc. for debt service payments as they become due
- Funds that are no longer needed and are closed by transferring all balances to other appropriate funds

The sum of all transfers presented agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

17. ADMINISTRATIVE ALLOCATIONS TO OTHER FUNDS

The General Fund provides general and administrative support services to the City Electric Fund, Rural Electric Fund, Water Fund, Wastewater Fund, Solid Waste Fund, Insurance Fund, TIRZ funds, Special Projects Fund, Employee Benefits Fund, Bryan Commerce and Development Fund, and Coulter Airfield Fund. Costs of these services are allocated as follows:

	<u>General Fund</u>
<u>Administrative costs allocated to:</u>	
City Electric Fund	\$ 868,591
Water Fund	668,809
Wastewater Fund	693,703
Nonmajor Enterprise Fund (Solid Waste Fund)	560,427
Internal Service Fund (Insurance Fund)	191,589
Street Improvement	116,310
Drainage Fund	61,500
Employee Benefits Fund	138,650
Warehouse Fund	70,019
Bryan Commerce & Development	36,374
Coulter Airfield Fund	70,468
	<u>\$ 3,476,440</u>

18. DEFERRED INFLOWS OF RESOURCES AND UNEARNED REVENUE

The balance of deferred inflows of resources and unearned revenues at September 30, 2015 consists of the following:

	<u>Deferred Inflows of Resources</u>	<u>Unearned</u>	<u>Totals</u>
Delinquent property taxes receivable (General Fund)	\$ 82,743	\$ -	\$ 82,743
Delinquent property taxes receivable (Debt Service Fund)	34,939	-	34,939
Street and drainage assessments receivable (General Fund)	115,056	-	115,056
Notes receivable (Debt Service fund)	-	450,000	450,000
WasteWater unearned revenue	-	82,466	82,466
Nonmajor governmental funds	81,804	-	81,804
Total	<u>\$ 314,542</u>	<u>\$ 532,466</u>	<u>\$ 847,008</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

19. LITIGATION

There are several lawsuits pending in which the City is involved. In the event of an unfavorable outcome in any suit, in management's opinion, a claim against the City would be covered by insurance or funds available in the Insurance Fund and would not materially affect the financial statements of the City.

20. RISK MANAGEMENT

In fiscal year 1989, the City decided not to purchase commercial liability insurance. At that time, City management believed that it was more economical to manage liability risks internally and set aside assets for the payment of claims in an internal service fund. The "Insurance Fund" was established to service all claims for risk of losses relating to general liability and workers' compensation.

In fiscal year 1994, the City began purchasing excess liability insurance to reduce its exposure to catastrophic losses. Liability insurance providing a \$5,000,000 limit per occurrence/\$5,000,000 aggregate limit for general, auto, public officials, and police liability with a \$500,000 self-insured retention for claims was purchased with coverage effective October 1, 2015. Worker's compensation coverage is provided at \$20,000,000 with \$2,500,000 retention. There have been no settlements that have exceeded insurance coverage for each of the past three fiscal years.

All funds of the City participate in the Insurance Fund. The costs of providing claims servicing and claims payment are allocated by charging each fund a "premium" based upon a percentage of the respective fund's estimated current-year payroll and expenses and management's estimate of projected current costs. These charges consider exposure and recent trends in actual claims experience of the City as a whole and make provision for catastrophic losses.

The Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The City has recorded a potential liability in the amount of \$1,755,468 for claims that have been incurred but not reported as of September 30, 2015. Because actual claims liabilities depend on such complex factors as changes in legal doctrines and damage awards, the process used in computing liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

The schedule below represents the changes in estimated claims liabilities:

	<u>2015</u>	<u>2014</u>
Unpaid claims at beginning of fiscal year	\$ 1,763,344	\$ 1,330,320
Incurred claims	520,171	888,152
Claim payments	<u>(528,047)</u>	<u>(455,128)</u>
Total unpaid claims at end of fiscal year	<u>\$ 1,755,468</u>	<u>\$ 1,763,344</u>
Amounts due in one year	\$ 769,321	\$ 662,593

Texas law limits recovery, under legislatively defined governmental functions, to \$500,000 per occurrence. Claims proceeding from proprietary functions are not limited.

21. COMMITMENTS AND CONTINGENCIES

Traditions Development

In 1999, the City embarked on a major development program for the City's west side encompassing approximately 850 acres. The City identified the land for possible development, located in Brazos County east of Highway 47 and south of Villa Maria Road. The City believed that a legitimate public interest would be served by purchasing this land and that economic development would be stimulated by developing this land into a first class resort, golf course, and planned community known as the Bryan Resort Project (subsequently known as the Traditions Development).

As a result, the City and Jordan Community Properties, L.P. entered into a Master Economic Development Agreement (MEDA) on November 2, 1999. One of the provisions of the MEDA was for the City to create a local government corporation to aid the City in completion of certain provisions in the MEDA. The local government corporation created was Bryan Commerce and Development, Incorporated (BCDI). BCDI purchased the land, identified by the City, for development. The City agreed to provide public infrastructure improvements including all major arterial streets, all major utilities including electrical, gas, water, sewer, telephone, cable, drainage structures, water delivery systems, street lighting, landscaping of median entryways, all signage for the project, traffic signals, entryway structures, and lighting necessary for the project.

The partnership between BCDI and Jordan Community Properties, L.P. was named Bryan/Jordan L.P. (subsequently known as Bryan/Traditions, L.P.). Bryan/Jordan L.P. was formed as a limited partnership, on October 26, 2000, under the laws of the State of Texas. The partners in Bryan/Jordan L.P. were CFJ Properties, Inc., a Texas corporation and the general partner, BCDI, a Texas local government corporation, a limited partner, and Jordan Community Properties, L.P., a Texas limited partnership and a limited partner. The partnership interest was as follows: 1%, 55% and 44% for Jordan Properties, Inc. or an affiliate thereof, Jordan L.P. and BCDI, respectively.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

The purpose of Bryan/Jordan L.P. was to develop a portion of the land, purchased by BCDI, into a planned community, including a residential community and a commercial development. This community would become known as Traditions. In order for Bryan/Jordan L.P. to develop the land, BCDI would periodically contribute portions of the land, as a partnership contribution, to Bryan/Jordan, L.P. by a special warranty deed.

Several changes to the original partnership agreement have taken place since October 26, 2000. The following is a history of the changes that have occurred.

On February 24, 2004, the partnership agreement was amended to reflect the change in names of certain partners. CFJ Properties, Inc. was now known as Rosemel Properties, Inc. and Jordan Community Properties, L.P. was now known as Melrose Community Properties, L.P. In addition, the name of the partnership was changed from Bryan/Jordan, L.P. to Bryan/Traditions, L.P.

On February 25, 2009, the partnership agreement, was amended and restated (Amendment) to reflect certain changes. Traditions Acquisition Partnership, GP, LLC, a Texas limited liability company, acquired the general partnership interest originally owned by CFJ Properties, Inc. and subsequently known as Rosemel Properties, Inc. Traditions Acquisition Partnership GP, a Texas limited partnership, acquired the limited partnership interest originally owned by Jordan Community Properties, Inc. subsequently known as Melrose Community Properties, L.P. Concurrent with the Amendment, Traditions Acquisition Partnership, L.P. agreed to acquire a group of loans payable from Bryan/Traditions, L.P. and payable to M&I Bank, relating to the Melrose entities, with a balance at the closing date was \$1,840,432. Traditions Acquisition Partnership, L.P. executed a release, that released the guarantors from their respective obligations for the loan from M&I Bank to Bryan/Traditions, L.P. In consideration for Traditions Acquisition Partnership, L.P.'s contribution, the Amendment specified the deeding of 34 existing lots, within the Traditions Development, from Bryan/Traditions, L.P. to Traditions Acquisition Partnership.

Other special provisions of the Amendment provided that:

- BCDI agrees to provide funding for the construction of a future bridge, roadways or other infrastructure as future development occurs.
- Upon Traditions Acquisition Partnership's completion of a club house to certain specifications, additional provisions were activated. Traditions Acquisition Partnership completed the club house as specified in the Agreement on March 1, 2011. The subsequent provisions included that Traditions Acquisition Partnership is entitled to receive the first \$150,000 of the net sales proceeds of each of the next 20 lots developed by Bryan/Traditions, L.P., and additionally, that Traditions Acquisition Partnership has the option to purchase 50 acres of BCDI land known as Parcel 35 for \$1. If they choose to exercise the option to purchase Parcel 35, they forgo a number of construction commitments by the City.

Except as noted above, the partnership interest is: 1%, 55% and 44% for Traditions Acquisition Partnership, GP, LLC, Traditions Acquisition Partnership GP and BCDI, respectively, on lot sales and

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

25% and 75% for Traditions Acquisition Partnership GP and BCDI, respectively, on larger parcel sales.

In 2000, the City approved an Ordinance creating Tax Increment Reinvestment Zone Ten (TIRZ Ten). TIRZ Ten, which includes most of the Traditions Development, funds public infrastructure improvements as further described in Note 26.

In September 2014, the City of Bryan entered into economic development agreements with Atlas Hotel, L.P., and Traditions Acquisitions Partnership, L.P., related to the Traditions development. The agreements provide funding of \$6,000,000 for a hotel conference center and the immediately surrounding infrastructure including roadways, utilities, landscaping, street lighting and other improvements to be funded solely by available TIRZ Ten revenues. A separate agreement provides up to \$2,250,000 from Hotel/Motel Tax revenues collected from the Atlas Hotel operations for qualifying expenses.

The Traditions Development currently includes a Jack Nicklaus designed golf course and an 800 acre high end housing development. At September 30, 2015, BCDI holds approximately 280 acres under the Agreement that remain to be developed. The Partnership is expected to stay operational until all Partnership property is sold. There is no debt outstanding related to land held by BCDI in the Traditions development. The City anticipates that the proceeds from BCDI's portion of future land sales will exceed the cost of future City infrastructure required by the Traditions Development.

City of Bryan and Brazos County Economic Development Foundation Inc.

In 2009, the City of Bryan and Brazos County entered into an agreement to create the City of Bryan and Brazos County Economic Development Foundation Inc. ("BBCEDF"), a local government corporation formed under Subchapter D of Chapter 431 of the Texas Transportation Code. The BBCEDF was created to promote, develop, encourage and maintain employment, commerce, and economic development in the City and the County. In 2009, the BBCEDF purchased 191 acres of land in north Brazos County to be developed as a business park. In March 2012, the BBCEDF entered into an option agreement which gave the BBCEDF the right to purchase up to 724 adjacent acres. The business park, known as the Texas Triangle Park, is primarily the focus for economic development for the BBCEDF.

In April 2013, the BBCEDF entered into an Economic Development Agreement (EDA) with Kuadrum Pipe and Tube, Inc. (Kuadrum) which was fulfilled by and with its affiliate corporation Axis Pipe and Tube, Inc. (Axis). Per the terms of the EDA, the BBCEDF and the City sold approximately 160 and 23 acres, respectively, to Axis to build a manufacturing facility. In addition, the BBCEDF will provide \$7,150,000 in development credits, the County will provide tax abatement and the City will provide a non-annexation agreement. Axis is also required to meet certain criteria including, among other items, purchasing additional land, achieving a particular taxable valuation and employing a minimum number of full-time employees. If Axis fails to meet its obligations under the EDA, the BBCEDF may terminate the EDA and tender a demand of \$1,500,000. On January 1, 2015 Axis had \$179,046,540 in taxable value in Brazos County, in compliance with agreement terms. Additionally,

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

in January 2015, Axis purchased 100 acres of land, satisfying its requirement to purchase from the BBCEDF 60 acres by January 23, 2015.

The City of Bryan's 50% ownership in BBCEDF is reflected on the Statement of Net Position as Investment in Economic Development Foundation.

Research Valley BioCorridor

In December 2011, the Cities of Bryan and College Station (the Cities) adopted an inter-local agreement (ILA) for the development of the Research Valley BioCorridor. The purpose of the BioCorridor is to attract bio-related industries that develop life-changing medical technologies, build tax base, and attract high-paying jobs and investment to the Cities. The ILA outlines a number of ways the Cities will work together to create and manage an environment conducive for development and growth of the BioCorridor. The agreement applies to four tracts of land totaling approximately 196 acres owned by Bryan Commerce and Development, of which, approximately 147 acres are located in College Station.

The agreement provides for the joint construction and cost-sharing of HSC Parkway, the major roadway within the BioCorridor, creation of joint development standards, ad valorem revenue sharing on real and personal properties, sewer service to be provided by Bryan; Water service to be provided by College Station and a swap of exclusive sewer service territories that enables each City to more effectively provide service due to terrain and proximity to existing sewer systems.

In 2014, the City of Bryan completed construction of roadways and sewer improvements under the agreement. Ad valorem taxes to be shared under the agreement are based on the lower of the Cities of Bryan and College Station's O&M tax rates, subject to a minimum rate of \$0.24 per \$100 valuation, and will be split on a 50/50 basis. No tax revenue sharing has occurred through September 30, 2015.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

22. ACCOUNTS RECEIVABLE

As of September 30, 2015, the receivables not expected to be collected within one year are notes and assessments receivable as follows:

	General Fund	Debt Service Fund	Total
Notes receivable	\$ 16,519	\$ 4,150,000	\$ 4,166,519
Street and drainage assessments	115,056	-	\$ 115,056
	<u>\$ 131,575</u>	<u>\$ 4,150,000</u>	<u>\$ 4,281,575</u>

23. RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

Below is a reconciliation of the various restricted cash, cash equivalents and investments reported as of September 30, 2015:

	City Electric Fund	Rural Electric Fund	Water Fund	Wastewater Fund	Total
Bond Retirement Reserve	\$ 10,552,883	\$ 311,042	\$ -	\$ -	\$ 10,863,925
Bond Debt Service	5,351,474	247,576	1,445,962	2,295,772	9,340,784
Rate Stabilization Reserve	1,687,392	-	-	-	1,687,392
Customer Deposits Payable	4,094,526	1,021,128	-	-	5,115,654
Over-Recovered Fuel Expense	2,173,575	-	-	-	2,173,575
Collateral Deposits	6,679,019	-	-	-	6,679,019
Capital Debt Proceeds	6,103,841	732,749	460,497	67,194	7,364,281
	<u>\$ 36,642,710</u>	<u>\$ 2,312,495</u>	<u>\$ 1,906,459</u>	<u>\$ 2,362,966</u>	<u>\$ 43,224,630</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

24. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended September 30, 2015 budgetary expenditures in excess of appropriations are reported as indicated below:

<u>Governmental Funds</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - (Negative)</u>
Grant Fund			
Total expenditures	\$ -	\$ 135,339	\$ (135,339)
Debt Service Fund			
Total expenditures	10,514,760	22,811,438	(12,296,678)
TIRZ 19- Nash Street Fund			
Total expenditures	137,347	139,744	(2,397)
TIRZ 22- Lauth Development Fund			
Total expenditures	495,179	512,513	(17,334)
Self Insurance Fund			
Total expenditures	2,268,800	2,476,460	(207,660)
Employee Benefits Fund			
Total expenditures	8,867,756	9,907,289	(1,039,533)

For the fiscal year ended 30, 2015, the Grant fund exceeded budget by \$135,339 mainly due to expenditures of grant funds for police and fire equipment made during the year. The department had grant revenue and fund balance available to cover the expenditures.

Total expenditures in the Debt Service fund exceed budget by \$12,296,678 due to the cost associated with the 2015 GO refunding issue. The refunding bonds produce a net interest cost savings over their life.

Total expenditures in the TIRZ 19 exceeded budget by \$2,397 due to higher than budgeted debt service cost.

Total expenditures in the TIRZ 22 exceeded budget by \$17,334 due to higher than budgeted debt service cost.

Total expenditures in the Self Insurance fund exceeded budget by \$207,660 due to higher than budgeted worker's compensation and liability claims.

Total expenditures in the Employee Benefits fund exceeded budget by \$1,039,522 due to higher than budgeted health insurance claims.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

25. FUND DEFICITS

The Community Development Fund, a Special Revenue Fund, has a deficit unassigned fund balance as of September 31, 2015 in the amount of \$9,354. This is a result of expenditures incurred in advance of processing the related grant requests. The City will submit grant fund requests to cover the fund deficit in fiscal year 2016.

26. TAX INCREMENT FINANCING ZONES

Chapter 311 of the Texas Tax Code allows for the creation of Tax Increment Financing Zones ("TIFZ"). TIFZ are statutory tools available to municipalities in Texas to promote development or redevelopment in an area that would not occur in the foreseeable future solely through private investment. TIFZ are also a means to allow a community to enhance their ability to attract economic development or to allow businesses currently located within their area to expand. Once a City has designated a TIFZ, the governing bodies of the county and school district may choose to participate.

When a TIFZ is formed, a base value for the property located within the TIFZ is established. At the date of creation the appraised value is normally accepted as the base value. As the property within the TIFZ develops, property taxes are collected based upon appreciated appraised values at the rate established annually by the participating entities. Each participant in the TIFZ remits the amount of taxes attributable to the increase in the appraised values to the Tax Increment Financing Zone to be used to fund the project plan. Project plans normally include the creation of infrastructure such as roads, street improvements, water and sewer systems, lighting, landscaping, etc. A TIFZ can be terminated either on the date designated in the ordinance creating the zone, or the date on which all project costs, tax increment debt, and associated interest have been paid.

As of September 30, 2015, the City had four active Tax Increment Financing Zones:

Tax Increment Reinvestment Zone #10: In 2000, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Ten, City of Bryan, Texas" ("Zone Ten"). Zone Ten encompasses a portion of the west side of the City in the area known as Traditions. The development includes a Jack Nicklaus designed golf course and an 800-acre high end housing development. Through the fiscal year ended September 30, 2015, the City estimates that it has funded \$22.0 million in public infrastructure improvements and associated costs within Zone Ten. Combination Tax and Surplus Utility System Revenue Certificates of Obligation, Series 2000A, in the aggregate principal amount of \$17,000,000 were issued by the City to provide funds to commence certain of the public infrastructure improvements. In 2005, the Series 2000A bonds were refunded through the City's issuance of \$13,696,712 of General Obligation refunding bonds. In 2015, the 2005 GO Ref bonds were refunded through the City's issuance of \$12,150,000 of General Obligation refunding bonds. The outstanding debt balance as of September 30, 2105 is \$7,965,728 with debt service payments through 2025. The City contributes all of its incremental tax revenues to Zone Ten. Brazos County has agreed to allow 80% of its maintenance and operations rate to be diverted to Zone Ten through 2025. Incremental ad valorem property taxes provided 111% of the debt service payments in FY 2015.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Tax Increment Reinvestment Zone #19: In 2005, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Nineteen, City of Bryan, Texas" ("Zone Nineteen"). The development consists of 122 acres in the central portion of the City of Bryan in the vicinity of Nash Street. Through the fiscal year ended September 2015, the City estimates that it has funded \$1.8 million in public infrastructure improvements and associated costs within Zone Nineteen. Tax and Revenue Certificates of Obligation, Series 2005, in the aggregate principal amount of \$1,747,642 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Nineteen. Subsequently, in 2007, the City issued Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$200,000 for TIRZ Nineteen projects. In 2013 and 2014, the Series 2005 were refunded through the City's issuance of \$1,534,542 of General Obligation refunding bonds. The outstanding debt balance as of September 30, 2015 is \$1,280,042 with debt service payments through 2031. The City contributes all of its incremental tax revenues to Zone Nineteen. Brazos County agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Nineteen through 2013. Incremental ad valorem property taxes provided 91% of debt service payments in FY 2015.

Tax Increment Reinvestment Zone #21: In 2006, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-One, City of Bryan, Texas" ("Zone Twenty-One"). Zone Twenty-One is located in Downtown Bryan and was created to support the re-development of the Downtown district. Through the fiscal year ended September 2015, the City estimates that it has funded \$300,000 in public infrastructure improvements and associated costs within Zone Twenty-One.

Tax Increment Reinvestment Zone #22: In 2007, the City approved an ordinance creating a TIRZ known as "Reinvestment Zone Number Twenty-Two, City of Bryan, Texas" ("Zone Twenty-Two"). Zone Twenty-Two is a retail development on the east side of the City of Bryan in the vicinity of Bryan Towne Center. Through the fiscal year ended September 2015, the City estimates that it has funded \$5.2 million in public infrastructure improvements and associated costs within Zone Twenty-Two. Tax and Revenue Certificates of Obligation, Series 2007, in the aggregate principal amount of \$3,721,414 were issued by the City to provide funds to commence certain of the public infrastructure improvements within Zone Twenty-Two. Subsequently, in 2008, the City issued Tax and Revenue Certificates of Obligation, Series 2008, in the aggregate principal amount of \$287,914 for TIRZ Twenty-Two projects. In September 2013, bond funds of \$1,481,500 were assigned to Zone Twenty-Two from Tax and Revenue Certificates of Obligation, Series 2010. The outstanding debt balance as of September 30, 2015 is \$4,251,274 with debt service payments through 2030. The City contributes all of its incremental tax revenues to Zone Twenty-Two. Brazos County has agreed to allow 100% of its maintenance and operations rate to be diverted to Zone Twenty-Two through 2023. Incremental ad valorem property taxes provided 105% of debt service payments in FY 2015.

The following schedule is a ten year history of relevant data with regard to these TIFZ:

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Zone/ Fiscal Year	Base Value	Net Taxable Value	Captured Value	Tax Rate Per \$100 Valuation	Captured Tax Revenue
# 10					
2015	\$ 637,640	\$ 178,967,116	\$178,329,476	\$ 0.629990	\$ 1,123,458
2014	637,640	139,749,374	139,111,734	0.629990	876,390
2013	637,640	115,128,526	114,490,886	0.633308	725,080
2012	637,640	99,472,976	98,835,336	0.636400	628,988
2011	637,640	92,479,156	91,841,516	0.636400	584,479
2010	637,640	86,173,404	85,535,764	0.636400	544,350
2009	637,640	81,855,365	81,217,725	0.636400	516,870
2008	637,640	66,843,855	66,206,215	0.636400	421,336
2007	637,640	40,005,365	39,367,725	0.636400	250,536
2006	637,640	4,076,325	3,438,685	0.636400	21,884
# 22					
2015	2,464,400	33,898,290	31,433,890	0.629990	198,030
2014	2,464,400	27,947,440	25,483,040	0.629990	160,541
2013	2,464,400	24,662,080	22,197,680	0.633308	140,580
2012	2,464,400	25,047,040	22,582,640	0.636400	143,716
2011	2,038,090	27,353,460	25,315,370	0.636400	161,107
2010	2,038,090	29,254,110	27,216,020	0.636400	173,203
2009	2,038,090	8,388,060	6,349,970	0.636400	40,411
2008	2,038,090	2,038,090	-	0.636400	-
# 19					
2015	2,213,289	23,048,143	20,834,854	0.629990	131,257
2014	2,213,289	20,519,511	18,306,222	0.629990	115,327
2013	2,213,289	19,743,440	17,530,151	0.633308	111,020
2012	2,213,289	18,121,071	15,907,782	0.636400	101,237
2011	2,213,289	16,096,206	13,882,917	0.636400	88,351
2010	2,213,289	15,255,274	13,041,985	0.636400	82,999
2009	2,213,289	12,222,530	10,009,241	0.636400	63,699
2008	2,213,289	8,992,060	6,778,771	0.636400	43,140
2007	2,213,289	-	-	0.636400	-
# 21					
2015	41,070,995	56,999,200	15,928,205	0.629990	100,346
2014	41,070,995	54,701,063	13,630,068	0.629990	85,868
2013	41,070,995	53,611,658	12,540,663	0.633308	79,421
2012	41,070,995	52,889,681	11,818,686	0.636400	75,214
2011	41,070,995	52,504,534	11,443,539	0.636400	72,827
2010	41,070,995	51,057,085	9,986,090	0.636400	63,551
2009	41,070,995	43,915,850	2,844,855	0.636400	18,105
2008	41,070,995	-	-	0.636400	-

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

27. TAX ABATEMENTS

Chapter 312 of the Texas Tax Code authorizes the City to provide property tax abatements for limited time periods to encourage development or expansion of property. The terms of each agreement are limited by the guidelines and criteria established by the City Council. At September 30, 2015 the City had established abatement agreements with the following property owners:

Property Owner	Date of Abatement	FY 2015 Appraised Values	FY 2015 Taxable Values	FY 2015 Abated Values	FY 2015 Taxes Levied	FY 2015 Taxes Abated
Kent Moore	2008-2016	\$4,515,160	\$3,160,612	\$1,354,548	\$19,912	\$ 8,534
Penncro Associates	2011-2014	245,660	123,580	122,080	779	769
Woodbolt Distribution, LLC	2014-2023	6,154,050	1,393,920	4,760,130	8,782	29,988
Toyo Ink International	2008-2015	21,155,300	21,155,300	-	133,276	-

28. FINANCIAL HEDGING

On March 10, 2008, the City modified BTU's Energy Risk Policy to allow for the purchase and sale of certain financial instruments defined as hedge instruments. The essential goal of the Energy Risk Policy is to provide a framework for the operation of a fuel and energy purchasing and hedging program to better manage risk exposures in order to stabilize pricing and costs for the benefit of the City's customers.

The City applies GASB Statement No. 53 – *Accounting and Financial Reporting for Derivative Instruments* ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. The City utilizes natural gas commodity swaps and options to hedge its exposure to fluctuating fuel prices. Since these derivatives are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53.

In accordance with the requirements of GASB 53, the City Electric Fund reports all fuel hedges on the Statement of Net Position at fair value. The fair value of option contracts are determined using New York Mercantile Exchange ("NYMEX") or Houston Ship Channel ("HSC") closing settlement prices as appropriate to the instrument. For swap transactions, the value is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established, less applicable commissions.

The City evaluated all potential hedging derivative instruments for effectiveness as of September 30, 2015, and determined the derivatives to be effective in substantially offsetting the changes in cash flows of the hedgeable items. The City's hedgeable items are expected HSC natural gas purchases to serve budgeted load. The City projects total natural gas needs as part of a 10-year forecast. This forecast is the basis for the procurement amount of the hedgeable item. The City's potential hedging derivatives are NYMEX and HSC indexed commodity swaps and options. These derivatives act as cash flow hedges.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

The City utilized regression analysis to test effectiveness of its NYMEX hedges. Testing was based on the extent of correlation between historical NYMEX index and HSC natural gas prices for the prompt months of January 2003 to September 2015. The correlation coefficient of (0.8462) exceeds the minimum standard established by GASB 53 and indicates a strong linear relationship between the NYMEX and HSC prices. The calculated R² value of 0.9564 indicates that the changes in cash flows of the hedge substantially offset the changes in cash flows of the hedgeable item. The City Electric Fund also utilizes HSC indexed gas commodity swaps to hedge its open exposure after a NYMEX-based swap contract month settles. The City Electric Fund entered into Platts Gas Daily daily swaps to hedge this exposure. These HSC indexed swaps are hedging the physical purchases of natural gas also based on the HSC index and are effective cash flow hedges under the consistent critical terms method as defined by GASB 53. The swap is for the purchase of virtually the same quantity of the hedgeable item, has zero fair value at inception, and the reference rate of the swap and the hedgeable item are the same (HSC index).

For the fiscal year ended September 31, 2015, the total fair value of outstanding hedging derivative instruments was a net liability of \$17,801,026. The fair value of those instruments maturing within one year are reported on the Statement of Net Position in current liabilities as derivative financial instruments and were \$6,009,018 at September 30, 2015. The fair value of those instruments with maturities exceeding one year are reported on the Statement of Net Position in noncurrent liabilities as derivative financial instruments and were \$11,792,008 at September 30, 2015.

Hedge accounting treatment outlined in GASB 53 and GASB 63 requires changes in the fair value of derivative instruments deemed effective in offsetting changes in cash flows of hedged items be reported as deferred (inflows) outflows of resources on the Statement of Net Position. For the fiscal year ended September 30, 2014, the fair value of the City's Electric fund's hedging derivative instruments – NYMEX-based commodity swaps – decreased by \$1,083,731; which is reported in the Statement of Net Position as a reduction of deferred outflows of resources. The deferred outflows are reported until respective contract expirations occur in conjunction with hedged expected physical fuel purchases. When fuel purchase transactions occur, the deferred balance associated with the expired fuel hedging contract is recorded as an adjustment to fuel expense. At September 30, 2015 the deferred outflows of resources related to hedging derivatives were \$17,801,026 and are reported on the Statement of Net Position.

The following information details the City Electric Fund's hedging derivative instruments as of September 30, 2015:

Type	Terms	Volume Hedged (MMBtu)	Effective Dates	Maturity Dates	Reference Index	Fair Value
Commodity Swaps	BTU pays prices of \$3.072 - 6.49	5,678,000	Oct 2015- Dec 2018	Oct 2015 - Dec 2018	NYMEX	\$ (17,801,026)
		<u>5,678,000</u>				<u>\$ (17,801,026)</u>

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

Fuel swap contracts represent a financial obligation to buy or sell the underlying settlement point price. If held to expiration, as is the City's policy, the financial difference determined by mark-to-market valuation must be settled on a cash basis.

Credit Risk – The City's hedging derivative instruments generate exposure to a certain amount of risk that could give rise to financial loss. Since current hedges have a net liability position, the City is not exposed to counterparty credit risk. However, it is the City's policy to require full collateralization of the fair value of derivative instruments in asset positions should the counterparty's credit ratings fall below investment grade.

Basis Risk – The City is exposed to basis risk because the expected gas purchases being hedged will settle based on a pricing point (HSC) different than the pricing point of the hedge transactions (NYMEX). For September 2015, prompt month prices were \$2.638/MMBtu and \$2.614/MMBtu, for NYMEX and HSC, respectively.

Termination Risk - Exposure to termination risk occurs because the City or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The City's fuel hedges are exchange-traded instruments, and consequently, termination risk is mitigated by the rules and guidelines established by NYMEX, which is governed by the Commodity Futures Trade Commission.

29. SUBSEQUENT EVENTS

On October 1, 2015, BTU implemented phase two of a three phase electric rate adjustment for the City Electric System which includes City of Bryan retail customers and the Rural Electric System wholesale rate. After the third phase, to be effective October 1, 2016, base rates would have increased 2.4% over the prior three years.

On October 1, 2015, the City Electric System increased the Power Supply Adjustment (PSA) component of its rates for retail customers. The PSA is used to recover fuel costs, net purchased power costs, and adjustments for the over or under recovery for such costs from preceding periods. The City Electric system increased the PSA \$0.0025/kWh (an average of 8.5%) for retail customers to eliminate projected under recovery of fuel and purchased power costs.

On October 1, 2015, the City Electric System increased the Regulatory Charge (RC) component of its rates for retail customers and the Rural Electric System wholesale rate. The RC is used to recover BTU's full cost of the Wholesale Transmission Service Charge as established by the Public Utility Commission of Texas and for other fees assessed by regulatory bodies. The City Electric System increased the RC 20% for all retail customer classes and the Rural Electric System wholesale rate to eliminate projected under recovery of regulatory costs.

On October 6, 2015, following a resource planning study, BTU executed forward market power purchases for the years 2018 through 2022. Spread over five years, BTU transacted with four counterparties for the total purchase of approximately 949,000 MWh.

City of Bryan, Texas

Notes to the Financial Statements

For the Fiscal Year Ended September 30, 2015

On October 1, 2015, the City Electric System increased the Regulatory Charge (RC) component of its rates for retail customers and the Rural Electric System wholesale rate. The RC is used to recover BTU's full cost of the Wholesale Transmission Service Charge as established by the Public Utility Commission of Texas and for other fees assessed by regulatory bodies. The City Electric System increased the RC 20% for all retail customer classes and the Rural Electric System wholesale rate to eliminate projected under recovery of regulatory costs.

On October 6, 2015, following a resource planning study, BTU executed forward market power purchases for the years 2018 through 2022. Spread over five years, BTU transacted with four counterparties for the total purchase of approximately 949,000 MWh.

CITY OF BRYAN, TEXAS

Required Supplementary Information
 Schedule of Contributions
 Texas Municipal Retirement System
 Last Ten Fiscal Years (will ultimately be displayed)

	2015
Actuarially Determined Contribution	\$ 7,686,872
Contributions in relation to the actuarially determined contribution	7,686,872
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 48,991,679
Contributions as a percentage of employee covered payroll	15.69%

Note to Schedule of Contributions

Only one year of data is presented in accordance with GASB Standard No. 68 as the data for the years other than 2015 is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of the City's current fiscal year end of September 30, 2015.

Methods and Assumptions Used to Determine the Contribution Ratio

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	24 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.0%
Salary Increases	3.5% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

Notes: There were no benefits changes this year.

CITY OF BRYAN, TEXAS

Required Supplementary Information
 Schedule of Changes in the City's Net Pension Liability and Related Ratios
 Texas Municipal Retirement System
 Last Ten Calendar Years (will ultimately be displayed)

	2014
Total Pension Liability	
Service Cost	\$ 7,088,933
Interest (on the Total Pension Liability)	18,281,849
Changes of benefit terms	-
Difference between expected and actual experience	(1,764,543)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(11,117,789)
Net Change in Total Pension Liability	<u>12,488,450</u>
Total Pension Liability - Beginning	<u>263,183,703</u>
Total Pension Liability - Ending (a)	<u><u>\$ 275,672,153</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 7,667,195
Contributions - Employee	3,312,987
Net Investment Income	12,827,812
Benefit payments, including refunds of employee contributions	(11,117,789)
Administrative expense	(133,929)
Other	(11,011)
Net Change in Plan Fiduciary Net Position	<u>12,545,265</u>
Plan Fiduciary Net Position - Beginning	<u>224,239,250</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 236,784,515</u></u>
Net Pension Liability - Ending (a) - (b)	\$ 38,887,638
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.89%
Covered Employee Payroll	\$ 47,328,382
Net Pension Liability as a Percentage of Covered Payroll	82.17%

Note to Schedule of Changes in the City's Net Pension Liability and Related Ratios

Only one year of data is presented in accordance with GASB Standard No. 68 as the data for the years other than calendar year 2014 is not available. Additionally, GASB Standard No. 68 requires that the information on this schedule correspond with the period covered as of the end of December 31, 2014.



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CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 18,129,831	\$ 18,129,831	\$ 18,090,087	\$ (39,744)
Sales	16,732,500	16,732,500	17,788,430	1,055,930
Franchise	2,116,982	2,116,982	2,191,346	74,364
Bingo	267,650	267,650	267,434	(216)
Alcoholic beverage	112,000	112,000	149,776	37,776
Charges for services:				
Ambulance charges	1,700,000	1,700,000	1,935,132	235,132
Recreational charges	1,330,800	1,330,800	1,279,525	(51,275)
Health and public safety	995,379	995,379	986,983	(8,396)
Miscellaneous charges	144,200	144,200	337,174	192,974
Fines and court charges:				
Municipal court	1,881,950	1,881,950	1,723,017	(158,933)
Licenses and permits	619,755	619,755	625,106	5,351
Grants:				
Texas Attorney General	10,281	10,281	10,219	(62)
U.S. Department of Criminal Justice	-	-	-	-
Texas Department of Transportation	-	-	19,869	19,869
Contributions to Library - College Station	1,025,939	1,025,939	1,084,115	58,176
FEMA	-	-	-	-
Other	31,000	31,000	169,831	138,831
Investment earnings	90,000	90,000	247,920	157,920
Other	368,452	368,452	1,204,026	835,574
Total revenues	<u>45,556,719</u>	<u>45,556,719</u>	<u>48,109,990</u>	<u>2,553,271</u>
Expenditures:				
Current:				
General government and administration:				
Executive	2,247,392	2,387,772	2,137,665	250,107
City Secretary	954,260	986,870	797,578	189,292
Legal services	724,640	724,640	627,977	96,663
Payments to other agencies	3,363,571	3,363,571	3,091,323	272,248
Fiscal services	1,475,970	1,503,247	1,309,611	193,636
Information technology	3,113,768	3,113,768	2,903,583	210,185
Human resources	636,746	636,746	617,649	19,097
Fleet services	753,853	753,853	501,341	252,512
Facility services	1,794,243	1,812,028	1,680,791	131,237
Total general government and administration	<u>15,064,443</u>	<u>15,282,495</u>	<u>13,667,518</u>	<u>1,614,977</u>
Development services:				
Planning	1,638,257	1,638,257	1,596,808	41,449
Engineering	1,302,875	1,390,425	1,141,226	249,199
Building	257,968	257,968	248,430	9,538
Special Projects	63,972	150,432	72,472	77,960
Total development services	<u>3,263,072</u>	<u>3,437,082</u>	<u>3,058,936</u>	<u>378,146</u>
Public works services:				
Public Works Call Center	-	-	-	-
Drainage and Streets	1,890,831	1,890,831	1,877,904	12,927
Traffic Operations	1,680,651	1,680,651	1,544,233	136,418
Total public works services	<u>3,571,482</u>	<u>3,571,482</u>	<u>3,422,137</u>	<u>149,345</u>

continued

CITY OF BRYAN, TEXAS

Required Supplementary Information

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual (continued)

For the Fiscal Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public safety:				
Police services	16,492,342	16,492,342	16,200,724	291,618
Fire and emergency medical services	12,987,547	12,987,547	12,656,419	331,128
Animal Center	793,874	793,874	711,161	82,713
Municipal court	1,432,178	1,432,178	1,281,782	150,396
Total public safety	<u>31,705,941</u>	<u>31,705,941</u>	<u>30,850,086</u>	<u>855,855</u>
Cultural and recreational:				
Library services	2,324,800	2,324,800	2,304,727	20,073
Parks and recreation services	4,259,826	4,275,465	4,255,759	19,706
Total cultural and recreational	<u>6,584,626</u>	<u>6,600,265</u>	<u>6,560,486</u>	<u>39,779</u>
Administrative reimbursement	(3,487,037)	(3,487,037)	(3,476,440)	(10,597)
Capital outlay	3,596,154	4,134,395	2,918,679	1,215,716
Debt service-bond retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>60,298,681</u>	<u>61,244,623</u>	<u>57,001,402</u>	<u>4,243,221</u>
Excess (deficiency) of expenditures over (under) revenues	(14,741,962)	(15,687,904)	(8,891,412)	6,796,492
Other financing sources (uses):				
Sale of capital assets	300,975	300,975	1,591,734	1,290,759
Transfers in	15,039,861	15,039,861	15,303,568	263,707
Transfers out	(2,909,060)	(1,895,360)	(814,657)	1,080,703
Total other financing sources (uses)	<u>12,431,776</u>	<u>13,445,476</u>	<u>16,080,645</u>	<u>2,635,169</u>
Net change in fund balance	(2,310,186)	(2,242,428)	7,189,233	9,431,661
Fund Balance, October 1, 2014	28,179,172	28,179,172	28,179,172	-
Fund Balance, September 30, 2015	<u>\$ 25,868,986</u>	<u>\$ 25,936,744</u>	<u>\$ 35,368,405</u>	<u>\$ 9,431,661</u>



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Supplemental Information

- Non-Major Governmental Funds
 - Special Revenue Funds
 - Capital Project Funds
 - Permanent Funds
- Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual
 - Debt Service Fund
 - Grant Fund
 - Community Development Fund
 - Hotel/Motel Tax Fund
 - Sidewalks Fund
 - Court Technology Fund
 - Street Improvement Fund
 - Drainage Improvement Fund
 - TIRZ #10-22
- Non-Major Enterprise Funds
- Internal Service Funds
- Agency Funds
- Capital Assets used in the Operation of Governmental Funds

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Grant Fund – To account for the receipt and expenditure of grant revenues for all governmental funds other than the Community Development Fund.

Community Development Fund – To account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

Hotel and Motel Room Tax Fund – To account for the receipt and expenditure of funds received by the City from the assessment of hotel and motel occupancy tax. Usage of funds is restricted to construction and maintenance of convention and civic facilities, and the promotion of tourism and the arts within the City of Bryan.

Sidewalks Fund – To account for funds received from developers and property owners for the construction and maintenance of sidewalks. Money received will be refunded to the remitter, if not used within 10 years.

Court Technology Fund – To account for revenues derived from a portion of court fees dedicated to use for technology improvements for Municipal Court functions.

Street Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of street improvements.

Drainage Improvement Fund – To account for revenue derived from a fee assessed on utility bills for the purpose of drainage improvements.

Tax Increment Reinvestment Zone #10 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Traditions Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone.

Tax Increment Reinvestment Zone #19 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Villa Maria-FM 158 Corridor Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone.

Tax Increment Reinvestment Zone #21 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for, the Downtown Bryan Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone.

Tax Increment Reinvestment Zone #22 Fund – To account for revenues derived from captured assessed valuation in, and bond proceeds for the Lauth Development Tax Increment Reinvestment Zone. Bond proceeds are used for various public improvements within the zone. The taxes from the captured assessed valuation will be used to retire the debt and handle other operating expenses within the zone.

Capital Project Funds

2010 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, lighting, soundwalls, landscaping, acquiring rights-of-way, restoring historic structures, equipping property and facilities for a solid waste disposal system, drainage and traffic system improvements.

2014 Certificates of Obligation Fund – To account for the construction of streets, sidewalks, drainage, traffic system improvements and the acquisition of fire-fighting equipment.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Relating to Bryan cemeteries:

- Myrtie Conway Astin
- Bade Trust
- Brandon Cemetery
- J. W. English
- Lucy B. Hervey
- Mills Trust
- Cemetery

Relating to Bryan libraries:

- F. L. Henderson Library
- Rountree Library

CITY OF BRYAN, TEXAS
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of September 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 14,060,106	\$ 5,875,174	\$ 1,444,101	\$ 21,379,381
Investments	4,601,089	1,922,617	472,574	6,996,280
Receivables:				
Accounts	725,706	-	-	725,706
Less allowance for uncollectible	(93,364)	-	-	(93,364)
Grants	232,883	-	-	232,883
Interest	9,233	3,867	949	14,049
Due from other funds	261,717	-	-	261,717
Prepaid and other assets	365	-	-	365
Total assets	\$ 19,797,735	7,801,658	\$ 1,917,624	\$ 29,517,017
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Liabilities, Deferred Inflows, and Fund Balances	\$ 1,637,963	\$ 324,366	\$ -	\$ 1,962,329
Accrued liabilities	23,348	-	-	23,348
Retainage payable	353,685	11,504	-	365,189
Due to other funds	209,736	-	-	209,736
Total liabilities	2,224,732	335,870	-	2,560,602
Deferred inflows				
Deferred property taxes	-	-	-	-
Other dererred revenue	81,804	-	-	81,804
Total dererred inflows	81,804	-	-	81,804
Deferred inflows:				
Fund balances:				
Nonspendable	-	-	895,724	895,724
Restricted	2,747,980	7,465,788	1,021,900	11,235,668
Committed	14,752,573	-	-	14,752,573
Unassigned (deficit)	(9,354)	-	-	(9,354)
Total fund balances	17,491,199	7,465,788	1,917,624	26,874,611
Total liabilities, deferred inflows and fund balances	\$ 19,797,735	\$ 7,801,658	\$ 1,917,624	\$ 29,517,017

CITY OF BRYAN, TEXAS
 Combining Balance Sheet
 Nonmajor Governmental Funds - Special Revenue Funds
 As of September 30, 2015

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Increment Reinvestment Zone #10 Fund	Tax Increment Reinvestment Zone #19 Fund	Tax Increment Reinvestment Zone #21 Fund	Tax Increment Reinvestment Zone #22 Fund	Total
Assets												
Cash and cash equivalents	\$ 8,602	\$ -	\$ 1,257,442	\$ 62,965	\$ 183,867	\$ 10,398,140	\$ 1,752,961	\$ 136,643	\$ 37,408	\$ 197,748	\$ 24,330	\$ 14,060,106
Investments	2,815	-	411,490	20,605	60,169	3,402,732	573,646	44,715	12,242	64,713	7,962	4,601,089
Accounts receivable	-	-	125,351	-	-	444,724	74,207	-	-	-	86,434	730,716
Less allowance for uncollectibles	-	-	-	-	-	(80,013)	(13,351)	-	-	-	-	(93,364)
Grants receivable	-	227,873	-	-	-	-	-	-	-	-	-	227,873
Interest receivable	6	-	828	42	121	6,844	1,154	90	2	130	16	9,233
Prepaid and other assets	-	365	-	-	-	-	-	-	-	-	-	365
Due from other funds	-	-	-	-	-	143,638	23,968	-	-	-	94,111	261,717
Total assets	\$ 11,423	\$ 228,238	\$ 1,795,111	\$ 83,612	\$ 244,157	\$ 14,316,065	\$ 2,412,585	\$ 181,448	\$ 49,652	\$ 262,591	\$ 212,853	\$ 19,797,735
Liabilities, Deferred Inflows, and Fund Balances												
Liabilities:												
Accounts payable	\$ -	\$ 800	\$ 11,063	\$ -	\$ -	\$ 1,591,651	\$ 34,449	\$ -	\$ -	\$ -	\$ -	\$ 1,637,963
Accrued liabilities	-	23,348	-	-	-	-	-	-	-	-	-	23,348
Retainage payable	-	3,708	-	-	-	336,791	13,186	-	-	-	-	353,685
Due to other funds	-	209,736	-	-	-	-	-	-	-	-	-	209,736
Total liabilities	-	237,592	11,063	-	-	1,928,442	47,635	-	-	-	-	2,224,732
Deferred Inflows												
Deferred property tax	-	-	-	-	-	-	-	-	-	-	-	-
Other deferred revenue	-	-	-	81,804	-	-	-	-	-	-	-	81,804
Total deferred inflows	-	-	-	81,804	-	-	-	-	-	-	-	81,804
Fund Balances												
Restricted:												
Grants	11,423	-	-	-	-	-	-	-	-	-	-	11,423
Hotel/Motel	-	-	1,784,048	-	-	-	-	-	-	-	-	1,784,048
Municipal Court	-	-	-	-	244,157	-	-	-	-	-	-	244,157
TIRZ Development	-	-	-	-	-	-	-	181,448	49,652	262,591	212,853	706,544
Other Purposes	-	-	-	1,808	-	-	-	-	-	-	-	1,808
Committed:												
Streets	-	-	-	-	-	12,387,623	-	-	-	-	-	12,387,623
Drainage	-	-	-	-	-	-	2,364,950	-	-	-	-	2,364,950
Unassigned (deficit)	-	(9,354)	-	-	-	-	-	-	-	-	-	(9,354)
Total fund balances	11,423	(9,354)	1,784,048	1,808	244,157	12,387,623	2,364,950	181,448	49,652	262,591	212,853	17,491,199
Total liabilities, deferred inflows and fund balances	\$ 11,423	\$ 228,238	\$ 1,795,111	\$ 83,612	\$ 244,157	\$ 14,316,065	\$ 2,412,585	\$ 181,448	\$ 49,652	\$ 262,591	\$ 212,853	\$ 19,797,735

CITY OF BRYAN, TEXAS
 Combining Balance Sheet
 Nonmajor Governmental Funds - Capital Project Funds
 As of September 30, 2015

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 714,581	\$ 5,160,593	\$ 5,875,174
Investments	233,843	1,688,774	1,922,617
Accounts receivable	-	-	-
Grants receivable	-	-	-
Interest receivable	471	3,396	3,867
Due from other funds	-	-	-
Total assets	<u>\$ 948,895</u>	<u>\$ 6,852,763</u>	<u>\$ 7,801,658</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 17,400	\$ 306,966	\$ 324,366
Retainage payable	-	11,504	11,504
Due to other funds	-	-	-
Total liabilities	<u>17,400</u>	<u>318,470</u>	<u>335,870</u>
Fund balances:			
Restricted to capital projects	931,495	6,534,293	7,465,788
Total fund balances	<u>931,495</u>	<u>6,534,293</u>	<u>7,465,788</u>
Total liabilities and fund balances	<u>\$ 948,895</u>	<u>\$ 6,852,763</u>	<u>\$ 7,801,658</u>

CITY OF BRYAN, TEXAS
 Combining Balance Sheet
 Nonmajor Governmental Funds - Permanent Funds
 As of September 30, 2015

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Bade Trust Cemetery Fund	Totals
Assets										
Cash and cash equivalents	\$ 1,952	\$ 6,988	\$ 11,105	\$ 700	\$ 1,367,067	\$ 46,091	\$ 3,829	\$ 5,699	\$ 670	\$ 1,444,101
Investments	639	2,287	3,634	229	447,365	15,083	1,253	1,865	219	472,574
Interest receivable	2	4	6	1	900	30	2	4	-	949
Total assets	\$ 2,593	\$ 9,279	\$ 14,745	\$ 930	\$ 1,815,332	\$ 61,204	\$ 5,084	\$ 7,568	\$ 889	\$ 1,917,624
Fund Balances										
Nonspendable - Permanent Funds Corpus	\$ 1,399	\$ 5,000	\$ 1,500	\$ 500	\$ 873,081	\$ 4,950	\$ 2,085	\$ 6,709	\$ 500	\$ 895,724
Restricted:										
Cemeteries	1,194	4,279	13,245	430	942,251	56,254	-	-	389	1,018,042
Libraries	-	-	-	-	-	-	2,999	859	-	3,858
Total fund balances	2,593	9,279	14,745	930	1,815,332	61,204	5,084	7,568	889	1,917,624
Total liabilities and fund balances	\$ 2,593	\$ 9,279	\$ 14,745	\$ 930	\$ 1,815,332	\$ 61,204	\$ 5,084	\$ 7,568	\$ 889	\$ 1,917,624

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2015

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total
Revenues:				
Property taxes	\$ 2,610,275	\$ -	\$ -	\$ 2,610,275
Hotel occupancy taxes	1,286,072	-	-	1,286,072
Transportation and drainage assessments	6,553,176	-	-	6,553,176
Fines and court charges	39,362	-	-	39,362
Grants	1,485,613	-	-	1,485,613
Investment earnings	135,997	56,259	13,638	205,894
Other	85,958	348,513	43,350	477,821
Total revenues	12,196,453	404,772	56,988	12,658,213
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	1,565,643	-	-	1,565,643
Public works services	6,986,216	59,874	-	7,046,090
Liabilities, Deferred Inflows, and Fund Balance	103,942	-	-	103,942
Cultural and recreational	644,876	-	-	644,876
Capital outlay	644,656	1,165,326	39,575	1,849,557
Debt service:				
Bond and principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Debt issuance costs	-	-	-	-
Total expenditures	9,945,333	1,225,200	39,575	11,210,108
Excess (deficiency) of revenues	2,251,120	(820,428)	17,413	1,448,105
Deferred inflows:				
Other financing sources (uses):				
Transfers in	405,000	-	-	405,000
Transfers out	(2,523,094)	-	-	(2,523,094)
Total other financing sources (uses)	(2,118,094)	-	-	(2,118,094)
Net change in fund balances	133,026	(820,428)	17,413	(669,989)
Fund balances, October 1, 2014	17,358,173	8,286,216	1,900,211	27,544,600
Fund balances, September 30, 2015	\$ 17,491,199	\$ 7,465,788	\$ 1,917,624	\$ 26,874,611

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Special Revenue Funds
 As of September 30, 2015

	Grant Fund	Community Development Fund	Hotel and Motel Tax Fund	Sidewalks Fund	Court Technology Fund	Street Improvement Fund	Drainage Improvement Fund	Tax Incremental Reinvestment Zone #10 Fund	Tax Incremental Reinvestment Zone #19 Fund	Tax Incremental Reinvestment Zone #21 Fund	Tax Incremental Reinvestment Zone #22 Fund	Total
Revenues:												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,874,046	\$ 126,601	\$ 98,213	\$ 511,415	\$ 2,610,275
Hotel occupancy taxes	-	-	1,286,072	-	-	-	-	-	-	-	-	1,286,072
Transportation and drainage assessments	-	-	-	-	-	5,616,072	937,104	-	-	-	-	6,553,176
Grants	132,180	1,353,433	-	-	-	-	-	-	-	-	-	1,485,613
Fines and court charges	-	-	-	-	39,362	-	-	-	-	-	-	39,362
Investment earnings	82	-	11,024	568	1,690	98,396	16,161	4,376	450	2,073	1,177	135,997
Other	-	85,958	-	-	-	-	-	-	-	-	-	85,958
Total revenues	132,262	1,439,391	1,297,096	568	41,052	5,714,468	953,265	1,878,422	127,051	100,286	512,592	12,196,453
Expenditures:												
Current:												
General government and administration	-	-	-	-	-	-	-	-	-	-	-	-
Development services	-	1,427,193	-	-	-	-	-	25,000	-	88,450	25,000	1,565,643
Public works services	-	-	-	-	-	6,770,143	216,073	-	-	-	-	6,986,216
Public safety	47,299	-	-	-	56,643	-	-	-	-	-	-	103,942
Cultural and recreational	9,116	-	635,760	-	-	-	-	-	-	-	-	644,876
Capital outlay	78,924	-	-	-	-	-	265,732	300,000	-	-	-	644,656
Debt service:	-	-	-	-	-	-	-	-	-	-	-	-
Bond and principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	135,339	1,427,193	635,760	-	56,643	6,770,143	481,805	325,000	-	88,450	25,000	9,945,333
Excess (deficiency) of revenues over (under) expenditures	(3,077)	12,198	661,336	568	(15,591)	(1,055,675)	471,460	1,553,422	127,051	11,836	487,592	2,251,120
Other financing sources (uses):												
Transfers in	-	-	-	-	-	-	-	300,000	55,000	-	50,000	405,000
Transfers out	-	-	-	-	-	(205,021)	-	(1,690,815)	(139,745)	-	(487,513)	(2,523,094)
Total other financing sources (uses)	-	-	-	-	-	(205,021)	-	(1,390,815)	(84,745)	-	(437,513)	(2,118,094)
Net change in fund balances	(3,077)	12,198	661,336	568	(15,591)	(1,260,696)	471,460	162,607	42,306	11,886	50,079	133,026
Fund balances, October 1, 2014	14,500	(21,552)	1,122,712	1,240	259,748	13,648,319	1,893,490	18,841	7,346	250,755	162,774	17,358,173
Fund balances, September 30, 2015	\$ 11,423	\$ (9,354)	\$ 1,784,048	\$ 1,808	\$ 244,157	\$ 12,387,623	\$ 2,364,950	\$ 181,448	\$ 49,652	\$ 262,591	\$ 212,853	\$ 17,491,199

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Capital Project Funds
 For the Fiscal Year Ended September 30, 2015

	2010 Certificates of Obligation Fund	2014 Certificates of Obligation Fund	Total
Revenues:			
Investment earnings	\$ 7,327	\$ 48,932	\$ 56,259
Other	348,513	-	348,513
Total revenues	<u>355,840</u>	<u>48,932</u>	<u>404,772</u>
Expenditures:			
Current:			
Public works services	59,874	-	59,874
Capital outlay	656,694	508,632	1,165,326
Total expenditures	<u>716,568</u>	<u>508,632</u>	<u>1,225,200</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(360,728)</u>	<u>(459,700)</u>	<u>(820,428)</u>
Net change in fund balances	(360,728)	(459,700)	(820,428)
Fund balances, October 1, 2014	1,292,223	6,993,993	8,286,216
Fund balances, September 30, 2015	<u>\$ 931,495</u>	<u>\$ 6,534,293</u>	<u>\$ 7,465,788</u>

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds - Permanent Funds
 For the Fiscal Year Ended September 30, 2015

	Brandon Cemetery Fund	J.W. English Cemetery Fund	L.B. Hervey Cemetery Fund	Mills Trust Cemetery Fund	Cemetery Fund	M.C. Astin Cemetery Fund	F.L. Henderson Library Fund	Rountree Library Fund	Bade Trust Cemetery Fund	Totals
Revenues:										
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 43,350	\$ -	\$ -	\$ -	\$ -	\$ 43,350
Investment earnings	18	66	104	6	12,914	434	36	54	6	13,638
Total revenues	18	66	104	6	56,264	434	36	54	6	56,988
Expenditures:										
General government and administration	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	39,575	-	-	-	-	39,575
Total expenditures	-	-	-	-	39,575	-	-	-	-	39,575
Net change in fund balances	18	66	104	6	16,689	434	36	54	6	17,413
Fund balances, October 1, 2014	2,575	9,213	14,641	924	1,798,643	60,770	5,048	7,514	883	1,900,211
Fund balances, September 30, 2015	\$ 2,593	\$ 9,279	\$ 14,745	\$ 930	\$ 1,815,332	\$ 61,204	\$ 5,084	\$ 7,568	\$ 889	\$ 1,917,624

CITY OF BRYAN, TEXAS
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 7,562,478	\$ 7,562,478	\$ 7,574,218	\$ 11,740
Investment earnings	26,783	26,783	32,728	5,945
Other	650,436	650,436	435,417	(215,019)
Total revenues	<u>8,239,697</u>	<u>8,239,697</u>	<u>8,042,363</u>	<u>(197,334)</u>
Expenditures:				
Debt service:				
Bond and principal retirement	7,141,927	7,141,927	7,141,927	-
Interest and fiscal charges	3,367,233	3,367,233	3,370,384	(3,151)
Debt issuance costs	5,600	5,600	67,859	(62,259)
Total expenditures	<u>10,514,760</u>	<u>10,514,760</u>	<u>10,580,170</u>	<u>(65,410)</u>
Excess of expenditures over revenues	(2,275,063)	(2,275,063)	(2,537,807)	(262,744)
Other financing sources (uses):				
Transfers in	2,335,606	2,335,606	2,418,836	83,230
Refunding bonds issued	-	-	11,745,000	11,745,000
Premium on refunding bonds	-	-	557,141	557,141
Payment to refunded bond escrow agent	-	-	(12,231,268)	(12,231,268)
Total other financing sources (uses)	<u>2,335,606</u>	<u>2,335,606</u>	<u>2,489,709</u>	<u>154,103</u>
Net change in fund balance	60,543	60,543	(48,098)	(108,641)
Fund Balance, October 1, 2014	<u>6,128,399</u>	<u>6,128,399</u>	<u>6,128,399</u>	-
Fund Balance, September 30, 2015	<u>\$ 6,188,942</u>	<u>\$ 6,188,942</u>	<u>\$ 6,080,301</u>	<u>\$ (108,641)</u>

CITY OF BRYAN, TEXAS

Grant Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grant - Federal	\$ -	\$ -	\$ 126,180	\$ 126,180
Grant - State	-	-	6,000	6,000
Grant - Other	-	-	-	-
Investment earnings	-	-	82	82
Total revenues	-	-	132,262	132,262
Expenditures:				
Current:				
Public safety	-	-	126,223	(126,223)
Cultural and recreational	-	-	9,116	(9,116)
Total expenditures	-	-	135,339	(135,339)
Excess of expenditures over revenues	-	-	(3,077)	(3,077)
Net change in fund balance	-	-	(3,077)	(3,077)
Fund balance, October 1, 2014	14,500	14,500	14,500	-
Fund balance, September 30, 2015	\$ 14,500	\$ 14,500	\$ 11,423	\$ (3,077)

CITY OF BRYAN, TEXAS
Community Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Grants	\$ 2,231,914	\$ 2,231,914	\$ 1,353,433	\$ (878,481)
Other	66,000	66,000	85,958	19,958
Total revenues	<u>2,297,914</u>	<u>2,297,914</u>	<u>1,439,391</u>	<u>(858,523)</u>
Expenditures:				
Current:				
Development services	2,297,914	2,297,914	1,427,193	870,721
Total expenditures	<u>2,297,914</u>	<u>2,297,914</u>	<u>1,427,193</u>	<u>870,721</u>
Net change in fund balance	-	-	12,198	12,198
Fund balance, October 1, 2014	(21,552)	(21,552)	(21,552)	-
Fund balance, September 30, 2015	<u>\$ (21,552)</u>	<u>\$ (21,552)</u>	<u>\$ (9,354)</u>	<u>\$ 12,198</u>

CITY OF BRYAN, TEXAS

Hotel and Motel Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Occupancy taxes	\$ 1,197,000	\$ 1,197,000	\$ 1,286,072	\$ 89,072
Investment earnings	3,000	3,000	11,024	8,024
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,297,096</u>	<u>97,096</u>
Expenditures:				
Current:				
Cultural and recreational	731,847	731,847	635,760	96,087
Total expenditures	<u>731,847</u>	<u>731,847</u>	<u>635,760</u>	<u>96,087</u>
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	468,153	468,153	661,336	193,183
Fund balance, October 1, 2014	<u>1,122,712</u>	<u>1,122,712</u>	<u>1,122,712</u>	-
Fund balance, September 30, 2015	<u>\$ 1,590,865</u>	<u>\$ 1,590,865</u>	<u>\$ 1,784,048</u>	<u>\$ 193,183</u>

CITY OF BRYAN, TEXAS

Sidewalks Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Investment earnings	\$ -	\$ -	\$ 568	\$ 568
Total revenues	-	-	568	568
Net change in fund balance	-	-	568	568
Fund balances, October 1, 2014	1,240	1,240	1,240	-
Fund balances, September 30, 2015	\$ 1,240	\$ 1,240	\$ 1,808	\$ 568

CITY OF BRYAN, TEXAS

Court Technology Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual

For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Technology fee	\$ 45,000	\$ 45,000	\$ 39,362	\$ (5,638)
Investment earnings - Interest income	1,100	1,100	1,690	590
Total revenues	<u>46,100</u>	<u>46,100</u>	<u>41,052</u>	<u>(5,048)</u>
Expenditures:				
Current:				
Public safety	65,746	65,746	56,643	9,103
Total expenditures	<u>65,746</u>	<u>65,746</u>	<u>56,643</u>	<u>9,103</u>
Net change in fund balance	(19,646)	(19,646)	(15,591)	4,055
Fund balance, October 1, 2014	259,748	259,748	259,748	-
Fund balance, September 30, 2015	<u>\$ 240,102</u>	<u>\$ 240,102</u>	<u>\$ 244,157</u>	<u>\$ 4,055</u>

CITY OF BRYAN, TEXAS
 Street Improvement Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Transportation assessments	\$ 5,383,625	\$ 5,383,625	\$ 5,616,072	\$ 232,447
Investment earnings	38,000	38,000	98,396	60,396
Total revenues	<u>5,421,625</u>	<u>5,421,625</u>	<u>5,714,468</u>	<u>292,843</u>
Expenditures:				
Current:				
Public works services	10,370,274	14,591,738	6,770,143	7,821,595
Capital outlay	147,500	147,500	-	147,500
Total expenditures	<u>10,517,774</u>	<u>14,739,238</u>	<u>6,770,143</u>	<u>7,969,095</u>
Excess (deficiency) of revenues over (under) expenditures	(5,096,149)	(9,317,613)	(1,055,675)	8,261,938
Other financing sources (uses)				
Transfers out	(205,021)	(205,021)	(205,021)	-
Total other financing sources (uses)	<u>(205,021)</u>	<u>(205,021)</u>	<u>(205,021)</u>	<u>-</u>
Net change in fund balance	(5,301,170)	(9,522,634)	(1,260,696)	8,261,938
Fund balance, October 1, 2014	13,648,319	13,648,319	13,648,319	-
Fund balance, September 30, 2015	<u>\$ 8,347,149</u>	<u>\$ 4,125,685</u>	<u>\$ 12,387,623</u>	<u>\$ 8,261,938</u>

CITY OF BRYAN, TEXAS

Drainage Improvement Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Drainage assessments	\$ 900,000	\$ 900,000	\$ 937,104	\$ 37,104
Investment earnings	3,700	3,700	16,161	12,461
Total revenues	<u>903,700</u>	<u>903,700</u>	<u>953,265</u>	<u>49,565</u>
Expenditures:				
Current:				
Public works services	861,501	953,654	216,073	737,581
Capital outlay	720,000	720,000	265,732	454,268
Total expenditures	<u>1,581,501</u>	<u>1,673,654</u>	<u>481,805</u>	<u>737,581</u>
Excess (deficiencies) of revenues over (under) expenditures	(677,801)	(769,954)	471,460	1,241,414
Other financing uses:				
Transfers out	-	-	-	-
Net change in fund balance	(677,801)	(769,954)	471,460	1,241,414
Fund balance, October 1, 2014	1,893,490	1,893,490	1,893,490	-
Fund balance, September 30, 2015	<u>\$ 1,215,689</u>	<u>\$ 1,123,536</u>	<u>\$ 2,364,950</u>	<u>\$ 1,241,414</u>

CITY OF BRYAN, TEXAS

Tax Incremental Reinvestment Zone #10 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 1,855,261	\$ 1,855,261	\$ 1,874,046	\$ 18,785
Investment earnings	717	717	4,376	3,659
Other	-	-	-	-
Total revenues	<u>1,855,978</u>	<u>1,855,978</u>	<u>1,878,422</u>	<u>22,444</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	25,000	25,000	25,000	-
Capital outlay	300,000	300,000	300,000	-
Total expenditures	<u>325,000</u>	<u>325,000</u>	<u>325,000</u>	<u>-</u>
Excess of revenues over expenditures	1,530,978	1,530,978	1,553,422	22,444
Other financing sources (uses):				
Transfers in	300,000	300,000	300,000	-
Transfers out	(1,690,815)	(1,690,815)	(1,690,815)	-
Total other financing sources (uses)	<u>(1,390,815)</u>	<u>(1,390,815)</u>	<u>(1,390,815)</u>	<u>-</u>
Net change in fund balance	140,163	140,163	162,607	22,444
Fund balance, October 1, 2014	18,841	18,841	18,841	-
Fund balance, September 30, 2015	<u>\$ 159,004</u>	<u>\$ 159,004</u>	<u>\$ 181,448</u>	<u>\$ 22,444</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #19 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 127,013	\$ 127,013	\$ 126,601	\$ (412)
Investment earnings	338	338	450	112
Other	-	-	-	-
Total revenues	<u>127,351</u>	<u>127,351</u>	<u>127,051</u>	<u>(300)</u>
Excess of revenues over expenditures	127,351	127,351	127,051	(300)
Other financing sources (uses)				
Transfers in	-	-	55,000	55,000
Transfers out	(76,250)	(137,347)	(139,745)	(2,398)
Total other financing sources (uses)	<u>(76,250)</u>	<u>(137,347)</u>	<u>(84,745)</u>	<u>52,602</u>
Net change in fund balance	51,101	(9,996)	42,306	52,302
Fund balance, October 1, 2014	7,346	7,346	7,346	-
Fund balance, September 30, 2015	<u>\$ 58,447</u>	<u>\$ (2,650)</u>	<u>\$ 49,652</u>	<u>\$ 52,302</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #21 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 99,294	\$ 99,294	\$ 98,213	\$ (1,081)
Investment earnings	603	603	2,073	1,470
Total revenues	<u>99,897</u>	<u>99,897</u>	<u>100,286</u>	<u>389</u>
Expenditures:				
Current:				
General government and administration	-	-	-	-
Development services	200,000	200,000	88,450	111,550
Capital outlay	-	-	-	-
Total expenditures	<u>200,000</u>	<u>200,000</u>	<u>88,450</u>	<u>111,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,103)</u>	<u>(100,103)</u>	<u>11,836</u>	<u>(111,161)</u>
Net change in fund balance	(100,103)	(100,103)	11,836	(111,161)
Fund balances, October 1, 2014	250,755	250,755	250,755	-
Fund balances, September 30, 2015	<u>\$ 150,652</u>	<u>\$ 150,652</u>	<u>\$ 262,591</u>	<u>\$ 111,939</u>

CITY OF BRYAN, TEXAS

Tax Increment Reinvestment Zone #22 Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Fiscal Year Ended September 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Property taxes	\$ 330,823	\$ 330,823	\$ 511,415	\$ 180,592
Investment earnings	-	-	1,177	1,177
Other	-	-	-	-
Total revenues	<u>330,823</u>	<u>330,823</u>	<u>512,592</u>	<u>181,769</u>
Expenditures:				
Current:				
Development services	25,000	25,000	25,000	-
Capital outlay	-	-	-	-
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess of revenues over expenditures	305,823	305,823	487,592	181,769
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Bond proceeds	-	-	-	-
Transfers out	(470,179)	(470,179)	(487,513)	(17,334)
Total other financing sources (uses)	<u>(420,179)</u>	<u>(420,179)</u>	<u>(437,513)</u>	<u>(17,334)</u>
Net change in fund balance	(114,356)	(114,356)	50,079	164,435
Fund balances, October 1, 2014	162,774	162,774	162,774	-
Fund balances, September 30, 2015	<u>\$ 48,418</u>	<u>\$ 48,418</u>	<u>\$ 212,853</u>	<u>\$ 164,435</u>



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COMBINING FINANCIAL STATEMENTS

NONMAJOR ENTERPRISE FUNDS

Solid Waste Fund – To account for the provision of residential and commercial garbage collection and the City’s interest in the Brazos Valley Solid Waste Management Agency’s landfill operations. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administrative, operations, maintenance, new construction, financing and related debt services, and billing and collection.

Bryan Airport Fund – To account for the revenues received and the expenses incurred by the City in the operation of Bryan’s Coulter Airfield.

Bryan Commerce and Development – To account for economic development activities and public facility development by the City. The activities related to the acquisition of property for development are included in this fund.

CITY OF BRYAN, TEXAS
 Combining Statement of Net Position
 Nonmajor Enterprise Funds
 As of September 30, 2015

	<u>Assets</u>	<u>Solid Waste Fund</u>	<u>Bryan Airport Fund</u>	<u>Bryan Commerce & Development</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$ 3,677,448	\$ 228,978	\$ 349,523	\$ 4,255,949	
Investments	1,203,424	74,866	114,380	1,392,670	
Accounts receivable	589,281	21,439	-	610,720	
Less allowance for uncollectible	(90,532)	-	-	(90,532)	
Interest receivable	2,419	147	230	2,796	
Inventories	-	15,766	-	15,766	
Due from other funds	224,989	-	-	224,989	
Restricted Cash and Cash Equiv	-	397	-	397	
Total current assets	<u>5,607,029</u>	<u>341,593</u>	<u>464,133</u>	<u>6,412,755</u>	
Noncurrent assets:					
Restricted assets:					
Investment in BVSWMA	13,588,808	-	-	13,588,808	
Capital assets:					
Land	-	654,670	8,964,013	9,618,683	
Buildings	81,401	1,171,993	-	1,253,394	
Equipment	7,842,694	14,008	-	7,856,702	
Improvements other than buildings	349,562	3,356,674	-	3,706,236	
Construction in progress	-	81,324	-	81,324	
Less accumulated depreciation	(5,084,019)	(2,900,276)	-	(7,984,295)	
Total capital assets (net of accumulated depreciation)	<u>3,189,638</u>	<u>2,378,393</u>	<u>8,964,013</u>	<u>14,532,044</u>	
Total noncurrent assets	<u>16,778,446</u>	<u>2,378,393</u>	<u>8,964,013</u>	<u>28,120,852</u>	
Total assets	<u>\$ 22,385,475</u>	<u>\$ 2,719,986</u>	<u>\$ 9,428,146</u>	<u>\$ 34,533,607</u>	
Deferred outflows					
Pensions	\$ 277,933	\$ 12,581	-	\$ 290,514	
Total deferred outflows	<u>\$ 277,933</u>	<u>\$ 12,581</u>	<u>-</u>	<u>\$ 290,514</u>	

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	\$ 135,647	\$ 13,427	\$ -	\$ 149,074
Accrued liabilities	192,302	7,032	-	199,334
Accrued interest	-	83	-	83
Accrued vacation and sick pay	58,603	919	-	59,522
Current liabilities payable from restricted assets:				
Customer deposits	-	10,180	-	10,180
General obligation bonds - current portion	-	3,187	-	3,187
Total current liabilities	386,552	34,828	-	421,380
Noncurrent liabilities:				
General obligation bonds	-	22,017	-	22,017
Notes	-	-	-	-
Accrued vacation and sick pay	124,530	1,952	-	126,482
Other post employee benefit	148,552	6,190	-	154,742
Net pension obligation	1,334,459	43,481	-	1,377,940
Total noncurrent liabilities	1,607,541	73,640	-	1,681,181
Total liabilities	1,994,093	108,468	-	2,102,561
<u>Deferred Inflows</u>				
Pensions	49,244	2,229	-	51,473
Total deferred inflows	49,244	2,229	-	51,473
<u>Net Position</u>				
Net investment in capital assets	3,189,638	2,353,189	8,964,013	14,506,840
Restricted for BSWMA	13,588,808	-	-	13,588,808
Unrestricted	3,841,625	268,681	464,133	4,574,439
Total net position	\$ 20,620,071	\$ 2,621,870	\$ 9,428,146	\$ 32,670,087

CITY OF BRYAN, TEXAS

Combining Statement of Revenues, Expenses and Changes in Net Position
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended September 30, 2015

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Operating revenues:				
Other	\$ 7,666,092	\$ 522,881	\$ 2,467,258	\$ 10,656,231
Total operating revenues	<u>7,666,092</u>	<u>522,881</u>	<u>2,467,258</u>	<u>10,656,231</u>
Operating expenses:				
Personnel services	2,583,852	116,256	-	2,700,108
Maintenance	406,942	15,936	-	422,878
Other services and charges	1,668,847	69,033	55,766	1,793,646
Other expenses	538,440	267,507	-	805,947
General and administrative	1,035,769	70,468	-	1,106,237
Total operating expenses before depreciation	<u>6,233,850</u>	<u>539,200</u>	<u>55,766</u>	<u>6,828,816</u>
Operating income (loss) before depreciation	<u>1,432,242</u>	<u>(16,319)</u>	<u>2,411,492</u>	<u>3,827,415</u>
Depreciation	<u>771,498</u>	<u>190,440</u>	<u>-</u>	<u>961,938</u>
Operating income (loss)	<u>660,744</u>	<u>(206,759)</u>	<u>2,411,492</u>	<u>2,865,477</u>
Nonoperating revenues (expenses):				
Investment earnings	35,119	1,712	2,714	39,545
Interest expense	-	(1,370)	-	(1,370)
Grants	-	54,541	-	54,541
Distributive share of BVSWMMA net income	679,322	-	-	679,322
Other - net	428,530	-	-	428,530
Total nonoperating revenues (expenses)	<u>1,142,971</u>	<u>54,883</u>	<u>2,714</u>	<u>1,200,568</u>
Income (loss) before contributions and transfers	1,803,715	(151,876)	2,414,206	4,066,045
Transfers in	97,843	118,536	-	216,379
Transfers out	(415,210)	-	(1,959,796)	(2,375,006)
Change in net position	<u>1,486,348</u>	<u>(33,340)</u>	<u>454,410</u>	<u>1,907,418</u>
Net position, October 1, 2014, as restated	19,133,723	2,655,210	8,973,736	30,762,669
Net position, September 30, 2015	<u>\$ 20,620,071</u>	<u>\$ 2,621,870</u>	<u>\$ 9,428,146</u>	<u>\$ 32,670,087</u>

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Fiscal Year Ended September 30, 2015

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 7,647,891	\$ 518,560	\$ 2,467,258	\$ 10,633,709
Payments to suppliers	(3,161,740)	(426,759)	(55,766)	(3,644,265)
Payments to employees	(2,568,209)	(122,874)	-	(2,691,083)
Receipts for miscellaneous revenues	413,750	-	-	413,750
Payments for interfund services used	(475,342)	-	-	(475,342)
Net cash provided (used) by operating activities	1,856,350	(31,073)	2,411,492	4,236,769
Cash flows from noncapital financing activities:				
Transfers in	97,843	118,536	-	216,379
Transfers out	(415,210)	-	(1,959,796)	(2,375,006)
Net cash provided (used) by noncapital financing activities	(317,367)	118,536	(1,959,796)	(2,158,627)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,229,592)	(100,441)	-	(1,330,033)
Grants	-	54,541	-	54,541
Principal paid on certificates of obligation	-	(2,477)	-	(2,477)
Interest paid on bonds, contractual obligations, and notes	-	(710)	-	(710)
Net cash provided (used) by capital and related financing activities	(1,229,592)	(49,087)	-	(1,278,679)
Cash flows from investing activities:				
Purchase of investment securities	(427,537)	(29,549)	(112,705)	(569,791)
Sale of investment securities	213,994	12,194	447	226,635
Interest on investments	35,119	1,712	2,486	39,317
Net cash provided (used) by investing activities	(178,424)	(15,643)	(109,772)	(303,839)
Net increase in cash and cash equivalents	130,967	22,733	341,924	495,624
Cash and cash equivalents, October 1, 2014	3,546,481	206,245	7,599	3,760,325
Cash and cash equivalents, September 30, 2015	\$ 3,677,448	\$ 228,978	\$ 349,523	\$ 4,255,949

CITY OF BRYAN, TEXAS

Combining Statement of Cash Flows (continued)

Nonmajor Enterprise Funds

For the Fiscal Year Ended September 30, 2015

	Solid Waste Fund	Bryan Airport Fund	Bryan Commerce & Development	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 660,744	\$ (206,759)	\$ 2,411,492	\$ 2,865,477
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation and amortization	771,498	190,440	-	961,938
Receipts for miscellaneous revenues	413,750	-	-	413,750
Change in assets and liabilities:				
Change in accounts receivable	(2,107)	(3,061)	-	(5,168)
Change in inventory	-	(1,164)	-	(1,164)
Change in prepaid assets	468	2,436	-	2,904
Change in due from other funds	(30,874)			(30,874)
Change in accounts payable	11,150	(4,341)	-	6,809
Change in accrued liabilities	19,915	(367)	-	19,548
Change in customer deposits	-	(95)	-	(95)
Change in due to other funds	-	-	-	
Change in OPEB and NPO	(15,312)	(10,018)	-	(25,330)
Change in accrued vacation and sick pay	27,118	1,856	-	28,974
Net cash provided (used) by operating activities	<u>\$ 1,856,350</u>	<u>\$ (31,073)</u>	<u>\$ 2,411,492</u>	<u>\$ 4,236,769</u>

Noncash investing, capital and financing activities

During this past year, the Enterprise Funds investment in BVSWMA increased \$679,322 as a result of their operations.

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Warehouse Fund – To account for the operation of the City’s warehouse function (excluding electric inventory).

Insurance Fund – To account for funds accumulated by the City to cover general liability and workers’ compensation claims and associated administrative expenses.

Employee Benefit Trust Fund – To account for the administration of health insurance for City employees. Resources are contributed by the City for employee health coverage and by the employee for optional dependent coverage.

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Net Position
As of September 30, 2015

	<u>Assets</u>	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Current assets:					
Cash and cash equivalents	\$	-	\$ 1,496,391	\$ 2,422,211	\$ 3,918,602
Investments		-	465,141	792,655	1,257,796
Accounts receivable		-	19,972	41,868	61,840
Interest receivable		-	935	1,594	2,529
Inventories		206,131	-	-	206,131
Due from other funds		60	16,346	78,954	95,360
Total current assets		<u>206,191</u>	<u>1,998,785</u>	<u>3,337,282</u>	<u>5,542,258</u>
Noncurrent assets:					
Capital assets:					
Buildings		-	23,420	-	23,420
Equipment		27,390	87,063	-	114,453
Improvements other than buildings		159,086	29,572	-	188,658
Less accumulated depreciation		(78,644)	(120,344)	-	(198,988)
Total capital assets (net of accumulated depreciation)		<u>107,832</u>	<u>19,711</u>	<u>-</u>	<u>127,543</u>
Total assets		<u>\$ 314,023</u>	<u>\$ 2,018,496</u>	<u>\$ 3,337,282</u>	<u>\$ 5,669,801</u>
Current liabilities:					
Accounts payable	\$	2,312	\$ 13,379	\$ 262,161	\$ 277,852
Claims payable		-	769,321	995,718	1,765,039
Due to other funds		36,776	-	-	36,776
Accrued liabilities		11,235	25,151	-	36,386
Accrued vacation and sick pay		7,623	36,212	-	43,835
Total current liabilities		<u>57,946</u>	<u>844,063</u>	<u>1,257,879</u>	<u>2,159,888</u>
Noncurrent liabilities:					
Claims payable		-	986,147	-	986,147
Accrued liabilities		-	-	2,082,820	2,082,820
Accrued vacation and sick pay		3,587	17,041	-	20,628
Total noncurrent liabilities		<u>3,587</u>	<u>1,003,188</u>	<u>2,082,820</u>	<u>3,089,595</u>
Total liabilities		<u>61,533</u>	<u>1,847,251</u>	<u>3,340,699</u>	<u>5,249,483</u>
Net investment in capital assets					
Unrestricted		107,832	19,711	-	127,543
Total net position		<u>\$ 252,490</u>	<u>\$ 171,245</u>	<u>\$ (3,417)</u>	<u>\$ 420,318</u>

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2015

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Operating revenues:				
Intragovernmental	\$ 208,488	\$ 1,948,973	\$ 6,375,783	\$ 8,533,244
Other	296	33,666	2,589,766	2,623,728
Total operating revenues	<u>208,784</u>	<u>1,982,639</u>	<u>8,965,549</u>	<u>11,156,972</u>
Operating expenses:				
Personnel services	207,337	447,887	-	655,224
Maintenance	2,018	611	-	2,629
Claims	-	1,030,151	7,910,931	8,941,082
Other services and charges	90,733	826,154	1,996,358	2,913,245
Other expenses	11,852	19,007	-	30,859
Total operating expenses before depreciation	<u>311,940</u>	<u>2,323,810</u>	<u>9,907,289</u>	<u>12,543,039</u>
Operating loss before depreciation	(103,156)	(341,171)	(941,740)	(1,386,067)
Depreciation	8,671	2,650	-	11,321
Operating loss	<u>(111,827)</u>	<u>(343,821)</u>	<u>(941,740)</u>	<u>(1,397,388)</u>
Nonoperating revenues:				
Investment earnings	103	13,714	22,787	36,604
Other	-	208,309	391,573	599,882
Total nonoperating revenues	<u>103</u>	<u>222,023</u>	<u>414,360</u>	<u>636,486</u>
Loss before transfers	(111,724)	(121,798)	-	(760,902)
Transfers in	-	-	150,000	150,000
Transfers out	-	(150,000)	-	(150,000)
Change in net position	(111,724)	(271,798)	(377,380)	(760,902)
Net position, October 1, 2014	364,214	443,043	373,963	1,181,220
Net position, September 30, 2015	<u>\$ 252,490</u>	<u>\$ 171,245</u>	<u>\$ (3,417)</u>	<u>\$ 420,318</u>

CITY OF BRYAN, TEXAS
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2015

	Warehouse Fund	Insurance Fund	Employee Benefit Trust Fund	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,643,466	\$ 33,666	\$ 2,595,430	\$ 4,272,562
Receipts for interfund services provided	136,825	1,958,336	6,333,206	8,428,367
Payments to suppliers	(1,584,806)	(1,902,365)	(9,587,951)	(13,075,122)
Payments to employees	(204,059)	(450,815)	-	(654,874)
Receipts for miscellaneous revenues	-	208,309	391,048	599,357
Net cash (used) by operating activities	<u>(8,574)</u>	<u>(152,869)</u>	<u>(268,267)</u>	<u>(429,710)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	150,000	150,000
Transfers out	-	(150,000)	-	(150,000)
Net cash used by noncapital activities	<u>-</u>	<u>(150,000)</u>	<u>150,000</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(60,666)	-	-	(60,666)
Net cash used by capital and related financing activities	<u>(60,666)</u>	<u>-</u>	<u>-</u>	<u>(60,666)</u>
Cash flows from investing activities:				
Purchase of investment securities	-	(165,588)	(282,184)	(447,772)
Sale of investment securities	15,082	1,752,655	211,896	4,022,433
Interest on investments	125	13,482	22,787	36,394
Net cash provided by investing activities	<u>15,207</u>	<u>23,159</u>	<u>(47,501)</u>	<u>(9,135)</u>
Net increase (decrease) in cash and cash equivalents	<u>(54,033)</u>	<u>(279,710)</u>	<u>(165,768)</u>	<u>(499,511)</u>
Cash and cash equivalents, October 1, 2014	54,033	1,776,101	2,587,979	4,418,113
Cash and cash equivalents, September 30, 2015	<u>\$ -</u>	<u>\$ 1,496,391</u>	<u>\$ 2,422,211</u>	<u>\$ 3,918,602</u>
Operating (loss)	\$ (111,827)	\$ (343,821)	\$ (941,740)	(1,397,388)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	8,671	2,650	-	11,321
Nonoperating revenue	-	208,309	391,573	599,882
Change in assets and liabilities:				
Change in accounts receivable	-	20,390	5,664	26,054
Change in inventory	75,427	-	-	75,427
Change in due from other funds	(65)	(11,027)	(42,577)	(53,669)
Change in prepaid assets	-	1,705	-	1,705
Change in accounts payable	(20,834)	(20,271)	50,592	9,487
Change in accrued liabilities	244	2,302	131,666	134,212
Change in due to other funds	36,776	-	-	36,776
Change in claims payable	-	(7,876)	136,555	128,679
Change in vacation and sick pay	3,034	(5,230)	-	(2,196)
Net cash (used) by operating activities	<u>(8,574)</u>	<u>(152,869)</u>	<u>(268,267)</u>	<u>(429,710)</u>

AGENCY FUND

Payroll Fund – To account for the City’s payroll funds. Employee wages, associated employment taxes and employee benefits are paid from the fund. This fund is excluded from the government-wide statement of net assets and statement of activities since the assets are not available to support the City’s own programs.

CITY OF BRYAN, TEXAS
 Schedule of Changes in Assets and Liabilities - Agency Fund
 Payroll Fund
 For the Fiscal Year Ended September 30, 2015

	Balance October 1, 2014	Additions	Deductions	Balance September 30, 2015
<u>Assets</u>				
Cash and cash equivalents	\$ 1,053,440	\$ 64,808,991	\$ 64,858,274	\$ 1,004,157
Accounts Receivable	87,878	1,511,761	1,402,895	196,744
Total assets	\$ 1,141,318	\$ 66,320,752	\$ 66,261,169	\$ 1,200,901
<u>Liabilities</u>				
Benefits and employment taxes payable	\$ 1,141,318	\$ 30,929,399	\$ 30,988,981	\$ 1,200,901

CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds

Comparative Schedules by Source

September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Governmental funds capital assets:		
Land	\$ 11,591,736	\$ 11,591,736
Buildings	38,760,125	42,811,914
Improvements other than buildings	32,009,793	31,781,678
Equipment	31,799,727	30,350,944
Infrastructure	186,160,966	180,812,706
Construction in Progress	4,091,755	5,247,939
	<u>\$ 304,414,102</u>	<u>\$ 302,596,917</u>
Investments in governmental funds capital assets by source:		
General Fund	\$ 82,937,777	\$ 83,923,466
Special Revenue Funds	8,126,350	8,126,350
Private Contributions	41,060,677	39,011,598
General Obligation bonds	42,229,659	42,229,658
Grants	6,611,770	6,611,770
Certificates of Obligation	123,447,869	122,694,075
	<u>\$ 304,414,102</u>	<u>\$ 302,596,917</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF BRYAN, TEXAS

Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 For the Fiscal Year Ended September 30, 2015

Function and Activity	Governmental Funds Capital Assets				Governmental Funds Capital Assets
	October 1, 2014	Reclassifications	Additions	Deductions	September 30, 2015
General Government:					
Executive	\$ 16,817,323	\$ -	\$ 3,500	\$ 4,289,944	\$ 12,530,879
City Secretary	264,858	-	-	-	264,858
Legal services	41,126	-	-	-	41,126
Fiscal services	324,712	-	-	11,208	313,504
Computer services	8,363,847	-	393,225	-	8,757,072
Purchasing services	1,773,249	-	10,915	-	1,784,164
Human resources	44,862	-	-	-	44,862
Facility services	3,323,226	-	197,022	88,927	3,431,321
Fleet services	70,619	-	-	-	70,619
Total general government	<u>31,023,822</u>	<u>-</u>	<u>604,662</u>	<u>4,390,079</u>	<u>27,238,405</u>
Development services:					
Administration	581,283	-	48,169	21,800	607,652
Planning	70,070	-	-	-	70,070
Engineering	206,491	-	-	19,685	186,806
Inspections	119,143	-	-	13,986	105,157
Community Development	5,360,216	-	-	-	5,360,216
TIF infrastructure	10,283,177	-	300,000	-	10,583,177
Total development services	<u>16,620,380</u>	<u>-</u>	<u>348,169</u>	<u>55,471</u>	<u>16,913,078</u>
Public works:					
Environmental services	28,567	-	-	-	28,567
Transportation services	179,725,654	-	5,048,260	-	184,773,914
Total public works	<u>179,754,221</u>	<u>-</u>	<u>5,048,260</u>	<u>-</u>	<u>184,802,481</u>
Public safety:					
Police services	25,079,931	-	792,237	247,735	25,624,433
Fire and emergency medical services	15,147,387	-	831,266	284,980	15,693,673
Municipal court	2,264,141	-	-	20,333	2,243,808
Animal Center	-	-	9,500	-	9,500
Total public safety	<u>42,491,459</u>	<u>-</u>	<u>1,633,003</u>	<u>553,048</u>	<u>43,571,414</u>
Cultural and recreational:					
Administration	143,955	-	-	1,532	142,423
Library services	4,469,258	-	129,161	-	4,598,419
Parks and recreation services	22,845,883	-	210,244	-	23,056,127
Total cultural and recreational	<u>27,459,096</u>	<u>-</u>	<u>339,405</u>	<u>1,532</u>	<u>27,796,969</u>
Construction in Progress - Unclassified	<u>5,247,939</u>	<u>-</u>	<u>1,851,749</u>	<u>3,007,933</u>	<u>4,091,755</u>
Total governmental funds capital assets	<u>\$ 302,596,917</u>	<u>\$ -</u>	<u>\$ 9,825,248</u>	<u>\$ 8,008,063</u>	<u>\$ 304,414,102</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF BRYAN, TEXAS
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
As of September 30, 2015

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government:							
Executive	\$ 2,138,903	\$ 10,105,599	\$ -	\$ 286,377	\$ -	\$ -	\$ 12,530,879
City Secretary	125,000	-	94,261	45,597	-	153,625	418,483
Legal services	-	-	41,126	-	-	-	41,126
Fiscal services	-	38,384	-	275,120	-	-	313,504
Computer services	-	60,768	33,279	8,663,025	-	-	8,757,072
Purchasing services	-	37,037	1,679,679	67,448	-	-	1,784,164
Human resources	-	-	9,991	34,871	-	-	44,862
Facility services	-	2,665,328	118,187	647,806	-	36,115	3,467,436
Fleet services	-	1,671	32,396	36,552	-	-	70,619
Total general government	2,263,903	12,908,787	2,008,919	10,056,796	-	189,740	27,428,145
Development services:							
Administration	35,156	1,260	-	571,236	-	-	607,652
Planning	-	29,062	-	41,008	-	-	70,070
Engineering	4,556	7,343	-	174,907	-	-	186,806
Inspections	-	-	-	105,157	-	-	105,157
Community Development	118,531	131,652	5,083,368	26,665	-	-	5,360,216
TIF infrastructure	81,902	-	58,450	-	10,442,825	-	10,583,177
Total development services	240,145	169,317	5,141,818	918,973	10,442,825	-	16,913,078
Public works:							
Environmental services	-	11,995	16,572	-	-	-	28,567
Transportation services	5,246,032	8,840	957,554	2,870,751	175,690,737	3,719,772	188,493,686
Total public works	5,246,032	20,835	974,126	2,870,751	175,690,737	3,719,772	188,522,253
Public safety:							
Animal Center	-	9,500	-	-	-	-	9,500
Police services	1,043,332	18,187,481	22,982	6,370,638	-	-	25,624,433
Fire and emergency medical services	-	6,345,530	12,780	9,335,363	-	-	15,693,673
Municipal court	1,819,216	-	106,675	317,917	-	-	2,243,808
Total public safety	2,862,548	24,542,511	142,437	16,023,918	-	-	43,571,414
Cultural and recreational:							
Administration	-	-	107,923	34,500	-	-	142,423
Library services	-	554,941	3,766,963	276,515	-	-	4,598,419
Parks and recreation services	979,108	563,734	19,867,607	1,618,274	27,404	182,243	23,238,370
Total cultural and recreational	979,108	1,118,675	23,742,493	1,929,289	27,404	182,243	27,979,212
Total governmental funds capital assets	\$ 11,591,736	\$ 38,760,125	\$ 32,009,793	\$ 31,799,727	\$ 186,160,966	\$ 4,091,755	\$ 304,414,102

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION

This part of the City of Bryan's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends (Tables 1-4) - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5 – 15) - These schedules contain information to help the reader assess one of the government's most significant local revenue sources, the property tax.

Debt Capacity (Tables 16 - 22) - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 23 – 25) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (Tables 26 -28) - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Bryan, Texas
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual basis of accounting)

Table 1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 73,996,072	\$ 58,468,218	\$ 70,901,798	\$ 72,148,854	\$ 63,909,781	\$ 73,325,895	\$ 73,821,014	\$ 74,520,118	\$ 67,019,218	\$ 68,002,663
Restricted	2,363,876	27,981,851	23,344,871	23,432,166	30,938,682	24,782,392	24,404,041	18,624,433	23,068,934	22,972,793
Unrestricted	33,341,850	21,616,812	13,567,078	6,457,676	7,301,794	10,124,807	8,130,941	19,434,534	27,501,716	18,998,510
Total governmental activities net position	\$ 109,701,798	\$ 108,066,881	\$ 107,813,747	\$ 102,038,696	\$ 102,150,257	\$ 108,233,094	\$ 106,355,996	\$ 112,579,085	\$ 117,589,868	\$ 109,973,966
Business-type activities										
Net investment in capital assets ⁽¹⁾	\$ 205,120,101	\$ 211,649,393	\$ 219,334,434	\$ 232,484,352	\$ 241,866,068	\$ 252,740,085	\$ 248,552,828	\$ 263,550,484	\$ 269,168,669	\$ 281,007,278
Restricted	50,081,595	51,830,123	43,850,639	39,595,645	36,217,006	29,510,223	34,775,027	36,745,716	34,139,444	39,419,987
Unrestricted	52,644,050	60,752,417	74,031,100	79,737,961	75,781,601	78,497,386	85,730,247	74,740,740	82,220,018	73,915,223
Total Business-type activities net position	\$ 307,845,746	\$ 324,231,933	\$ 337,216,173	\$ 351,817,958	\$ 353,864,675	\$ 360,747,694	\$ 369,058,102	\$ 375,036,940	\$ 385,528,131	\$ 394,342,488
Primary government										
Net investment in capital assets ⁽¹⁾	\$ 279,116,173	\$ 270,117,611	\$ 290,236,232	\$ 304,633,206	\$ 305,775,849	\$ 326,065,980	\$ 322,373,842	\$ 338,070,602	\$ 336,187,887	\$ 349,009,941
Restricted	52,445,471	79,811,974	67,195,510	63,027,811	67,155,688	54,292,615	59,179,068	55,370,149	57,208,378	62,392,780
Unrestricted	85,985,900	82,369,229	87,598,178	86,195,637	83,083,395	88,622,193	93,861,188	94,175,274	109,721,734	92,913,733
Total primary government net position	\$ 417,547,544	\$ 432,296,814	\$ 445,029,920	\$ 453,856,654	\$ 456,014,932	\$ 468,980,788	\$ 475,414,098	\$ 487,616,025	\$ 503,117,999	\$ 504,316,454

Note: Restatement of FY14 Ending Net Position, Reference Note 1.

City of Bryan, Texas
Change in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

Table 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities:										
General government and administration	\$ 8,297,179	\$ 9,236,358	\$ 9,816,634	\$ 14,552,308	\$ 11,861,977	\$ 11,694,539	\$ 12,567,217	\$ 12,725,727	\$ 11,862,127	\$ 9,775,235
Development services	5,462,407	4,340,747	4,704,351	4,488,613	5,514,292	5,451,223	4,946,473	5,324,990	5,265,275	5,403,697
Public works services	9,669,822	10,511,166	10,336,466	18,315,196	14,603,264	14,091,910	15,169,531	12,764,623	14,180,817	16,894,814
Public Safety	20,642,551	22,022,243	25,001,597	24,055,956	28,098,561	21,693,251	24,346,634	32,133,857	33,069,954	33,648,379
Cultural and Recreational	8,012,157	7,915,398	8,829,886	8,585,698	7,666,774	8,242,037	8,175,136	8,332,012	8,374,038	8,374,038
Interest on long-term debt	3,867,959	4,061,936	4,206,919	4,742,776	4,392,590	4,982,815	4,560,746	4,264,522	3,548,309	3,299,163
Total governmental activities expenses	55,952,075	58,187,463	61,981,365	74,984,735	73,056,382	65,580,512	69,832,638	75,388,855	76,258,494	77,395,326
Business-type activities:										
Electric	170,643,465	135,258,317	151,358,522	140,629,222	132,804,674	142,323,465	133,361,843	157,381,300	170,664,649	171,705,349
Rural Electric	24,727,234	23,150,766	27,632,138	29,712,906	27,993,444	29,664,911	28,603,608	29,583,733	33,312,663	36,214,517
Water	8,196,725	8,222,608	9,801,729	9,290,685	10,380,604	10,866,241	11,202,994	9,974,403	9,761,250	9,841,218
Wastewater	8,930,397	8,956,833	13,429,973	11,002,685	9,880,856	10,658,709	10,966,690	9,848,759	10,272,703	9,935,489
Other	6,241,268	15,886,390	7,629,919	3,848,988	9,813,006	15,215,556	12,195,441	7,949,095	7,851,301	7,860,010
Total business-type activities expenses	218,739,089	191,474,914	209,852,281	194,484,486	190,872,584	208,730,882	196,330,516	214,737,290	231,862,566	235,556,583
Total primary government expenses	\$ 274,691,164	\$ 249,662,377	\$ 271,833,646	\$ 269,469,221	\$ 263,928,966	\$ 274,311,394	\$ 266,163,154	\$ 290,126,145	\$ 308,121,060	\$ 312,951,909
Program Revenues										
Governmental activities:										
General government and administration	\$ 153,220	\$ 143,397	\$ 143,601	\$ 137,148	\$ 166,198	\$ 147,025	\$ 126,499	\$ 289,503	\$ 286,868	\$ 337,174
Development services	523,492	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106
Public safety	3,586,722	4,394,273	4,394,972	4,824,117	4,639,041	4,385,470	4,028,727	4,717,287	4,568,322	4,684,494
Cultural and recreational	1,280,685	1,270,134	1,464,608	1,912,083	1,634,222	1,355,274	1,581,416	2,051,721	1,304,457	1,279,525
Operating grants and contributions	2,720,818	2,386,129	2,819,267	2,382,961	2,640,566	2,607,994	2,732,746	2,840,902	2,490,517	2,769,647
Capital grants and contributions	2,463,210	3,430,598	2,650,099	3,528,100	4,476,022	2,657,466	3,232,203	1,891,869	1,661,849	2,049,078
Total governmental activities program revenues	10,728,147	11,486,661	12,087,162	13,372,141	14,128,619	11,645,404	12,294,375	12,336,821	10,980,596	11,745,024
Business-type activities:										
Electric	181,408,666	141,061,065	153,872,437	147,926,009	134,670,691	151,634,735	145,990,914	157,857,718	183,923,241	184,252,089
Rural Electric	26,825,404	24,991,627	28,975,229	30,996,152	30,133,488	31,851,185	31,495,841	32,257,374	35,728,300	39,287,075
Water	10,832,129	9,385,539	10,944,038	12,216,438	11,529,217	14,281,996	12,879,376	12,723,839	11,678,692	12,390,019
Wastewater	11,384,558	11,357,998	11,586,181	12,017,013	12,369,599	13,112,105	13,072,233	12,429,017	12,496,697	12,883,147
Other Enterprise Funds	9,595,603	10,030,558	10,155,749	10,181,590	10,736,815	10,840,430	11,066,735	11,813,933	8,226,316	12,608,721
Operating grants and contributions	26,573	2,348,044	-	658,470	25,033	2,615,369	540,202	101,495	-	-
Capital grants and contributions	2,349,480	199,174,231	2,643,388	1,594,030	1,932,153	979,666	1,173,074	1,757,250	1,784,937	2,755,942
Total business-type activities program revenue	242,422,413	218,177,022	218,177,022	215,589,702	201,396,996	225,315,486	216,218,375	228,940,626	253,838,183	264,176,993
Total primary government program revenues	\$ 253,150,560	\$ 210,660,892	\$ 230,264,184	\$ 228,961,843	\$ 215,525,615	\$ 236,960,890	\$ 228,512,750	\$ 241,277,447	\$ 264,818,779	\$ 275,922,017
Net (expense)/revenue										
Governmental activities	\$ (45,223,928)	\$ (46,700,802)	\$ (49,894,203)	\$ (61,612,594)	\$ (58,927,763)	\$ (53,935,108)	\$ (57,538,263)	\$ (63,052,034)	\$ (65,277,898)	\$ (65,650,302)
Business-type activities	23,683,324	7,699,317	8,324,741	21,105,216	10,524,412	16,584,604	19,887,859	14,203,333	21,975,617	28,620,410
Total primary government net expense	\$ (21,540,604)	\$ (39,001,485)	\$ (41,569,462)	\$ (40,507,378)	\$ (48,403,351)	\$ (37,350,504)	\$ (37,650,404)	\$ (48,848,701)	\$ (43,302,281)	\$ (37,029,892)

General Revenue and Other Changes in Net Position

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Property taxes	\$ 17,183,813	\$ 18,859,376	\$ 20,494,898	\$ 21,950,012	\$ 22,967,025	\$ 23,043,249	\$ 24,075,833	\$ 24,723,667	\$ 25,765,716	\$ 28,039,989
Sales taxes	13,381,722	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430
Franchise taxes	2,049,517	1,920,990	2,012,872	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346
Alcoholic beverage taxes	66,073	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776
Bingo taxes	158,365	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434
Hotel occupancy taxes	219,711	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072
Transportation and drainage fees	4,004,370	4,008,249	4,133,458	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176
Unrestricted investment earnings	3,861,870	4,278,208	2,379,105	1,084,060	578,261	251,107	278,636	206,083	290,514	523,146
Miscellaneous	3,075,731	2,731,866	3,039,288	1,886,157	2,298,503	2,538,373	1,433,639	6,154,005	3,541,748	3,512,707
Transfers(net)	6,347,678 ⁽²⁾	(713,707)	2,509,912	9,841,589	9,691,442	10,884,784	5,973,524	12,754,364	12,138,907	14,789,653
Total governmental activities:	50,348,850	45,065,885	49,641,069	55,837,543	59,039,324	60,017,945	55,661,165	69,275,123	69,969,883	75,101,729
Business-type activities:										
Unrestricted investment earnings	4,673,940	7,299,354	6,761,997	3,062,620	992,215	719,221	(84,846)	969,402	611,791	1,032,154
Miscellaneous	125,245	673,809	407,414	275,538	221,532	463,978	1,375,263	2,689,384	2,484,255	3,240,871
Special items - Gain on sale of capital assets						-	(6,894,344)	871,080	2,493,174	505,000
Transfers(net)	(6,347,678) ⁽²⁾	713,707	(2,509,912)	(9,841,589)	(9,691,442)	(10,884,784)	(5,973,524)	(12,754,364)	(12,138,907)	(14,789,653)
Total business-type activities	(1,548,493)	8,686,870	4,659,499	(6,503,431)	(8,477,695)	(9,701,585)	(11,577,451)	(8,224,498)	(6,549,687)	(10,011,628)
Total primary government	\$ 48,800,357	\$ 53,752,755	\$ 54,300,568	\$ 49,334,112	\$ 50,561,629	\$ 50,316,360	\$ 44,083,714	\$ 61,050,625	\$ 63,420,196	\$ 65,090,101
Change in Net Position										
Governmental activities	\$ 5,124,922	\$ (1,634,917)	\$ (253,134)	\$ (5,775,051)	\$ 111,561	\$ 6,082,837	\$ (1,877,098)	\$ 6,223,089	\$ 4,691,986	\$ 9,451,427
Business-type activities	22,134,831	16,386,187	12,984,240	14,601,285	2,046,717	6,883,019	8,310,408	5,978,835	15,425,933	18,608,782
Total primary government	\$ 27,259,753	\$ 14,751,270	\$ 12,731,106	\$ 8,826,734	\$ 2,158,278	\$ 12,965,856	\$ 6,433,310	\$ 12,201,924	\$ 20,117,919	\$ 28,060,209

⁽¹⁾ Adjusted to include depreciation expense on infrastructure not previously reported.

⁽²⁾ Adjusted to reflect the transfer of assets from governmental activities to business-type activities.

Note: Restatement of FY14 Ending Net Position, Reference Note 1.

City of Bryan, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

Table 3

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 1,067,154	\$ 1,649,953	\$ 1,480,517	\$ 1,669,624	\$ 2,753,840	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	21,126,330	15,769,294	10,862,228	8,961,908	9,087,877	-	-	-	-	-
Nonspendable	-	-	-	-	-	21,206	241,366	75,907	59,572	109,393
Restricted	-	-	-	-	-	542,028	657,786	636,118	719,860	720,583
Committed	-	-	-	-	-	823,479	2,328,965	2,268,582	2,366,766	2,384,963
Assigned	-	-	-	-	-	460,921	193,524	974,951	503,799	1,531,754
Unassigned	-	-	-	-	-	11,362,664	12,721,175	18,505,338	24,529,175	30,621,712
Total general fund	\$ 22,193,484	\$ 17,419,247	\$ 12,342,745	\$ 10,631,532	\$ 11,841,717	\$ 13,210,298	\$ 16,142,816	\$ 22,460,896	\$ 28,179,172	\$ 35,368,405
All other governmental funds										
Reserved	\$ 42,760,815	\$ 25,931,013	\$ 21,458,433	\$ 22,061,912	\$ 27,804,909	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	7,421,286	11,345,972	7,122,854	7,048,799	6,560,002	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Permanent funds	834,770	907,750	963,342	995,329	1,011,046	-	-	-	-	-
Unreserved (deficit), reported in:										
Special revenue funds	(527,832) ⁽¹⁾	(2,546,969) ⁽²⁾	(957,906) ⁽⁴⁾	-	(870,667)	-	-	-	-	-
Capital projects funds	(5,334,147) ⁽²⁾	-	(676,984) ⁽⁵⁾	-	-	-	-	-	-	-
Nonspendable:										
Permanent funds and other	-	-	-	-	-	746,351	777,742	819,709	852,374	895,724
Restricted:										
Capital Project Funds	-	-	-	-	-	7,832,036	3,597,077	2,512,231	8,286,216	7,465,788
Debt Service Fund	-	-	-	-	-	6,219,331	5,945,264	5,876,433	6,128,399	6,080,301
Permanent Funds:										
Cemeteries	-	-	-	-	-	1,019,007	1,028,230	1,035,463	1,044,069	1,018,042
Libraries	-	-	-	-	-	3,599	3,664	3,711	3,768	3,858
Special Revenue Funds:										
Grants	-	-	-	-	-	4,348	10,863	24,180	14,500	11,423
Hotel/Motel	-	-	-	-	-	538,869	610,183	653,604	1,122,712	1,784,048
Municipal Court	-	-	-	-	-	261,573	287,722	296,395	259,748	244,157
TIRZ Development	-	-	-	-	-	3,364,672	3,036,268	552,909	439,715	706,544
Other Purposes	-	-	-	-	-	473	-	5,728	1,240	1,808
Committed:										
Streets	-	-	-	-	-	7,696,726	10,097,187	12,515,747	13,648,319	12,387,623
Drainage	-	-	-	-	-	1,032,851	702,807	1,164,532	1,893,491	2,364,950
Other Purposes	-	-	-	-	-	-	700	-	-	-
Unassigned:										
Special Revenue Funds	-	-	-	-	-	(9,964)	(104)	-	(21,552)	(9,354)
Total all other governmental funds	\$ 45,154,892	\$ 35,637,766	\$ 27,909,739	\$ 30,106,040	\$ 34,505,290	\$ 28,709,872	\$ 26,097,603	\$ 25,460,642	\$ 33,672,999	\$ 32,954,912
Total governmental funds	\$ 67,348,376	\$ 53,057,013	\$ 40,252,484	\$ 40,737,572	\$ 46,347,007	\$ 41,920,170	\$ 42,240,419	\$ 47,921,538	\$ 61,852,171	\$ 68,323,317

⁽¹⁾ Fiscal year 2007 revenue was offset the deficit fund balance in the Special Revenue funds.
⁽²⁾ The fiscal year 2006 deficit in the Capital Project funds was offset by the issuance of debt in fiscal year 2007.
⁽³⁾ The fiscal year 2007 deficit in the Special Revenue funds was offset by the 2007 bond issue.
⁽⁴⁾ The fiscal year 2008 deficit in the Special Revenue funds was offset by the 2007 and 2008 bond issues.
⁽⁵⁾ The fiscal year 2008 deficit in the Capital Project funds was offset by the issuance of debt in fiscal year 2009.
⁽⁶⁾ Classification of fund balance changed in 2011 due to GASB 54 requirements.

City of Bryan, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	\$ 17,191,224	\$ 18,825,482	\$ 20,514,034	\$ 21,838,216	\$ 22,926,564	\$ 23,152,233	\$ 24,151,882	\$ 24,780,426	\$ 25,561,961	\$ 28,274,580
Sales taxes	13,381,722	13,491,560	14,532,775	14,140,838	14,608,410	14,301,017	14,814,931	15,984,919	17,882,449	17,788,430
Franchise taxes	2,049,517	1,920,990	2,012,872	2,000,294	2,071,337	2,062,766	1,963,381	2,108,521	2,380,787	2,191,346
Alcoholic beverage taxes	66,073	62,031	64,994	72,777	79,573	93,042	75,460	85,789	130,791	149,776
Bingo taxes	158,365	178,377	183,580	195,970	204,009	210,255	217,615	234,105	260,733	267,434
Hotel occupancy taxes	219,711	248,935	290,187	321,859	411,190	454,217	504,078	720,717	1,179,774	1,286,072
Transportation and drainage fees	4,004,370	4,008,249	4,133,458	4,343,987	6,129,574	6,179,135	6,324,068	6,302,953	6,398,465	6,553,176
Charges for services	3,245,843	3,036,971	4,046,022	5,087,265	4,528,548	3,946,937	3,846,149	5,199,125	4,394,267	4,538,814
Fines and court charges	1,746,575	1,910,833	1,957,159	1,786,083	1,910,913	1,940,832	1,890,493	1,839,386	1,765,380	1,762,379
Licenses and permits	551,701	722,130	614,615	587,732	572,570	492,175	592,784	565,539	668,583	625,106
Grants	2,896,957	2,921,129	2,819,267	2,847,291	3,155,205	4,026,214	2,979,350	2,851,631	2,490,518	2,769,647
Investment earnings	3,308,817	3,629,330	1,919,790	849,630	469,682	195,201	240,139	180,942	264,450	486,542
Oil and gas royalties	56,575	39,273	160,241	67,688	50,701	-	-	-	-	-
Other	2,937,216	2,638,978	2,858,270	1,798,072	2,214,159	2,475,134	1,423,481	3,500,662	4,055,739	2,117,264
Total revenues	51,814,666	53,634,268	56,107,264	55,937,702	59,332,435	59,529,158	59,023,811	64,354,714	67,433,897	68,810,566
Expenditures:										
Current:										
General government and administration	10,014,328	9,931,464	11,657,798	12,935,217	12,904,403	12,510,372	12,000,933	13,193,580	13,284,344	13,667,518
Development services	4,983,483	4,002,812	4,393,388	4,371,598	5,281,777	4,619,644	4,168,041	4,537,856	4,548,936	4,624,579
Public works services	6,278,000	6,284,553	6,422,048	9,217,923	9,872,213	7,598,470	7,577,027	6,271,155	7,701,249	10,468,227
Public safety	19,409,511	20,865,941	24,770,425	26,805,639	27,027,735	28,006,326	27,017,326	29,048,683	30,160,267	30,954,028
Cultural and recreational	6,311,086	6,784,658	6,758,416	7,033,174	6,928,973	6,016,407	6,441,801	6,898,826	7,080,030	7,205,362
Administrative reimbursement	(3,120,000)	(2,474,868)	(3,156,157)	(3,765,735)	(3,990,430)	(3,610,977)	(3,515,703)	(3,425,498)	(3,396,294)	(3,476,440)
Capital outlay	9,339,022	25,904,919	25,149,920	8,808,509	11,074,235	9,780,078	4,548,182	2,792,337	3,984,249	4,766,236
Arbitrage rebate	-	-	16,890	-	-	-	-	-	-	-
Debt Service:										
Bond and principal retirement	4,657,408	3,791,368	3,675,634	4,435,057	4,602,656	5,717,656	6,702,344	7,932,739	6,714,987	7,141,927
Interest and fiscal charges	3,394,080	3,874,186	3,991,540	4,401,185	4,392,941	4,903,129	4,445,497	4,197,126	3,352,210	3,367,234
Debt issuance cost	257,893	100,749	79,500	54,170	70,134	(25,000)	-	421,506	66,571	71,009
Advance refunding costs	184,551	-	-	-	95,768	-	-	-	-	-
Total expenditures	61,709,362	79,065,782	83,759,402	74,296,737	78,260,405	75,516,105	69,385,448	71,868,310	73,496,550	78,791,680
Excess of expenditures over revenues	(9,894,696)	(25,431,514)	(27,652,138)	(18,359,035)	(18,927,970)	(15,986,947)	(10,361,637)	(7,513,596)	(6,062,653)	(9,981,114)
Other financing sources (uses):										
Proceeds of long-term debt issued	15,295,000	12,000,000	11,090,000	8,730,000	13,790,000	-	-	-	7,760,021	-
Discount on long-term debt issued	-	(177,780)	-	-	-	-	-	-	-	-
Premium on long-term debt issued	-	-	-	79,084	77,859	-	-	-	12,517	-
Proceeds of refunding bonds issued	20,195,000	-	-	-	10,635,000	-	-	21,391,646	6,954,249	11,745,000
Payment to refunded bond escrow agent	(20,605,230)	-	-	-	(10,838,398)	-	-	(21,381,600)	(6,942,650)	(12,231,268)
Discount on refunding bonds	(186,406)	-	-	-	-	-	-	-	-	-
Premium on refunding bonds	588,916	-	-	-	250,488	-	-	417,193	57,981	557,141
Sales of capital assets	34,633	31,638	106,724	193,450	143,309	213,342	47,265	13,115	12,258	1,591,734
Transfers in	10,120,690	9,466,882	16,414,653	13,590,024	19,432,819	16,706,761	16,968,347	23,478,903	14,799,448	18,127,404
Transfers out	(3,773,012)	(10,180,589)	(12,763,768)	(3,748,435)	(8,953,672)	(5,359,993)	(6,333,726)	(10,724,542)	(2,660,541)	(3,337,751)
Total other financing sources	21,669,591	11,140,151	14,847,609	18,844,123	24,537,405	11,560,110	10,681,886	13,194,715	19,993,283	16,452,260
Net change in fund balances	\$ 11,774,895	\$ (14,291,363)	\$ (12,804,529)	\$ 485,088	\$ 5,609,435	\$ (4,426,837)	\$ 320,249	\$ 5,681,119	\$ 13,930,630	\$ 6,474,146
Debt service as a percentage of noncapital expenditures	15.37%	14.42%	13.08%	13.49%	13.39%	16.16%	17.19%	17.56%	14.48%	14.20%

City of Bryan, Texas
 Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (Accrual basis of accounting)

Table 5

Fiscal Year	Property Tax		Sales Tax		Franchise Tax		Alcoholic Beverage Tax		Bingo Tax		Hotel Occupancy Tax		Transportation & Drainage Assessments		Total	
2006	\$	17,183,813	\$	13,381,722	\$	2,049,517	\$	66,073	\$	158,365	\$	219,711	\$	4,004,370	\$	37,063,571
2007		18,859,376		13,491,560		1,920,990		62,031		178,377		248,935		4,008,249		38,769,518
2008		20,494,898		14,532,775		2,012,872		64,994		183,580		290,187		4,133,458		41,712,764
2009		21,950,012		14,140,838		2,000,294		72,777		195,970		321,859		4,343,987		43,025,737
2010		22,967,025		14,608,410		2,071,337		79,573		204,009		411,190		6,129,574		46,471,118
2011		23,043,249		14,301,017		2,062,766		93,042		210,255		454,217		6,179,135		46,343,681
2012		24,075,833		14,814,931		1,963,381		75,460		217,615		504,078		6,324,068		47,975,366
2013		24,723,667		15,984,919		2,108,521		85,789		234,105		720,717		6,302,953		50,160,671
2014		25,765,716		17,882,449		2,380,787		130,791		260,733		1,179,774		6,398,465		53,998,715
2015		28,274,580		17,788,430		2,191,346		149,776		267,434		1,286,072		6,553,176		56,510,814
Change																
2006-2015		64.54%		32.93%		6.92%		126.68%		68.87%		485.35%		61.11%		65.59%

City of Bryan, Texas
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Table 6

Fiscal Year	Real Property			Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
	Residential Property	Commercial Property	Property					
2005	\$ 1,656,490,794	\$ 534,189,438	\$ 447,160,877	\$ 132,991,260	\$ 2,504,849,849	0.636400	\$ 2,504,849,849	
2006	1,736,772,236	594,918,674	465,014,609	122,382,611	2,674,322,908	0.636400	2,674,322,908	
2007	1,896,663,886	645,573,634	520,200,774	134,081,526	2,928,356,768	0.636400	2,928,356,768	
2008	2,111,197,008	689,685,451	549,482,738	145,912,296	3,204,452,901	0.636400	3,204,452,901	
2009	2,309,187,521	700,438,344	606,628,578	171,569,861	3,444,684,582	0.636400	3,444,684,582	
2010	2,396,959,888	821,791,294	578,407,922	186,366,590	3,610,792,514	0.636400	3,610,792,514	
2011	2,494,852,214	819,568,329	506,894,980	195,386,859	3,625,928,664	0.636400	3,625,928,664	
2012	2,608,513,429	860,709,755	529,139,441	214,635,480	3,783,727,145	0.636400	3,783,727,145	
2013	2,661,055,047	895,028,798	586,784,032	247,525,695	3,895,342,182	0.633308	3,895,342,182	
2014	2,777,498,151	924,121,184	599,276,361	245,030,266	4,055,865,430	0.629990	4,055,865,430	
2015	2,939,644,870	994,920,813	620,568,334	221,012,900	4,334,121,117	0.629990	4,334,121,117	

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Rates and Ratios Per \$100 Value
Direct and Overlapping Governments
Last Ten Fiscal Years

Table 7

Fiscal Year	Overlapping Rates										Total Direct & Overlapping Rates	
	City of Bryan ⁽¹⁾			Brazos County ⁽²⁾			Bryan Independent School District ⁽³⁾			Subtotal Direct Rates		Subtotal Overlapping Rates
	Operating Millage	Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total BISD Millage			
2006	\$ 0.4545	\$ 0.1819	\$ 0.636400	\$ 0.3949	\$ 0.0701	\$ 0.4650	\$ 1.3700	\$ 0.2600	\$ 1.6300	\$ 0.636400	\$ 2.0950	\$ 2.7314
2007	0.4545	0.1819	0.636400	0.3930	0.0620	0.4550	1.0400	0.2500	1.2900	0.636400	1.7450	2.3814
2008	0.4702	0.1662	0.636400	0.4030	0.0620	0.4650	1.0400	0.2500	1.2900	0.636400	1.7550	2.3914
2009	0.4595	0.1769	0.636400	0.3987	0.0813	0.4800	1.0400	0.2500	1.2900	0.636400	1.7700	2.4064
2010	0.4595	0.1769	0.636400	0.4012	0.0844	0.4856	1.0400	0.2500	1.2900	0.636400	1.7756	2.4120
2011	0.4354	0.2010	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2012	0.4406	0.1958	0.636400	0.4037	0.0813	0.4850	1.0400	0.2500	1.2900	0.636400	1.7750	2.4114
2013	0.4375	0.1958	0.633308	0.4071	0.0779	0.4850	1.0400	0.2500	1.2900	0.633308	1.7750	2.4083
2014	0.4341	0.1959	0.629990	0.4168	0.0707	0.4875	1.0400	0.2500	1.2900	0.629990	1.7775	2.4075
2015	0.4427	0.1873	0.629990	0.4226	0.0624	0.4850	1.0400	0.2500	1.2900	0.629990	1.7750	2.4050

⁽¹⁾ City of Bryan Budget Office

⁽²⁾ Brazos County

⁽³⁾ Bryan ISD

City of Bryan, Texas
Principal Property Taxpayers
As of December 31, 2015

Table 8

Taxpayer	2015				2006			
	Taxable Assessed		Percentage of Total Taxable Assessed		Taxable Assessed		Percentage of Total Taxable Assessed	
	Value	Rank	Value		Value	Rank	Value	
Sanderson Farms Inc	\$ 43,371,328	1	1.00%					
Bryan Senior Investors	37,934,230	2	0.88%					
Jamespoint Management Co	31,169,675	3	0.72%					
Halcon Energy Properties Inc	24,825,521	4	0.57%					
SW Meadows Point LP	24,236,550	5	0.56%					
Wal-Mart Real Estate Business Trust	23,400,140	6	0.54%	21,015,025	4		0.79%	
KC Presidio Apartments LLC	22,150,515	7	0.51%					
Toyo Ink International Corp	21,155,300	8	0.49%					
Texas A&M University - Ground Lease	20,710,280	9	0.48%					
4050 Pendleton Ltd	20,367,686	10	0.47%					
Dowell Schlimberger Inc				33,901,144	1		1.27%	
Campus Lodge of Bryan LTD				24,635,940	2		0.92%	
Verizon Communications				22,511,060	3		0.84%	
Southwest Signature Park LP				17,540,120	5		0.66%	
Tejas Center, Ltd.				17,184,280	6		0.64%	
Adam Development Properties LP				14,912,770	7		0.56%	
GGE/G G Enterprises				14,614,770	8		0.55%	
Presidio Bryan Apts., L.P.				14,267,790	9		0.53%	
Brazos Valley Physicians Hospital				14,045,170	10		0.52%	
Totals	\$ 269,321,225		6.21%	\$ 194,628,069			7.28%	

Source: Brazos County Appraisal District

City of Bryan, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
As of December 31, 2015

Table 9

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 17,019,389	\$ 16,662,978	97.91%	\$ 318,728	\$ 16,981,706	99.78%
2007	18,633,318	18,340,249	98.43%	243,932	18,584,181	99.74%
2008	20,432,087	20,021,117	97.99%	356,055	20,377,172	99.73%
2009	21,759,324	21,271,466	97.76%	425,609	21,697,075	99.71%
2010	22,802,844	22,314,031	97.86%	404,824	22,718,855	99.63%
2011	22,810,074	22,410,029	98.25%	294,634	22,704,663	99.54%
2012	23,800,130	23,386,311	98.26%	294,438	23,680,749	99.50%
2013	24,418,567	24,091,210	98.66%	124,150	24,215,360	99.17%
2014	25,299,027	24,931,688	98.55%	32,773	24,964,461	98.68%

City of Bryan, Texas
Top Ten Electric Customers
For Fiscal Year Ended September 30, 2015

Table 10

Customer	Type of Industry	Electric Usage kWh	Rank	Percentage of Top Ten Electric Users
Sanderson Farms Inc	Corporation	40,856,256	1	17.43%
BISD	Education	33,089,102	2	14.12%
St Joseph Hospital	Medical	32,553,003	3	13.89%
City of Bryan	Local Government	27,225,184	4	11.61%
B Way Corporation	Corporation	23,656,424	5	10.09%
TAMU	Education	22,935,050	6	9.78%
Wal-Mart Stores Inc	Corporation	14,604,734	7	6.23%
Wimberly Bldg Redevelopment	Corporation	13,235,040	8	5.65%
Blinn College	Education	13,175,523	9	5.62%
New Alenco Window Ltd	Manufacturing	13,081,748	10	5.58%
Total		<u>234,412,064</u>		<u>100.00%</u>

City of Bryan, Texas
 Electricity Sold by Type of Customer
 Last Ten Fiscal Years
 (in kilowatt hours)

Table 11

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Electric										
Type of Customer										
Residential	\$ 340,485,000	\$ 327,396,000	\$ 352,307,000	\$ 347,764,000	\$ 368,227,000	\$ 385,921,000	\$ 365,255,000	\$ 356,559,000	\$ 370,812,000	\$ 384,732,000
Commercial and Industrial	425,574,000	418,474,000	449,843,000	443,745,000	459,371,000	482,341,000	486,908,000	506,994,000	522,896,000	573,631,000
Public Authorities ⁽¹⁾	29,506,000	27,442,000	31,234,000	36,080,000	35,679,000	36,412,000	35,429,000	4,462,000	-	-
Rural	289,158,000	292,087,000	322,095,000	332,879,000	355,849,000	376,858,000	379,278,000	375,671,000	419,250,000	435,206,000
Other Utilities	820,520,000	597,722,000	412,769,000	424,131,000	271,289,000	442,068,000	546,265,000	608,077,000	779,781,000	641,284,000
Interdepartmental	26,500,000	23,718,000	27,557,000	31,246,000	31,591,000	34,833,000	32,634,000	34,753,000	32,218,000	6,205,000
	<u>\$ 1,931,743,000</u>	<u>\$ 1,686,839,000</u>	<u>\$ 1,595,805,000</u>	<u>\$ 1,615,845,000</u>	<u>\$ 1,522,006,000</u>	<u>\$ 1,758,433,000</u>	<u>\$ 1,845,769,000</u>	<u>\$ 1,886,516,000</u>	<u>\$ 2,124,957,000</u>	<u>\$ 2,041,058,000</u>
Rural Electric										
Type of Customer										
Residential	\$ 195,183,000	\$ 196,074,000	\$ 208,258,000	\$ 211,585,000	\$ 242,057,000	\$ 249,574,000	\$ 236,568,000	\$ 244,371,000	\$ 272,149,000	\$ 280,441,000
Commercial and Industrial	83,731,000	79,691,000	91,880,000	95,303,000	95,123,000	108,507,000	103,231,000	108,457,000	113,691,000	124,966,000
	<u>\$ 278,914,000</u>	<u>\$ 275,765,000</u>	<u>\$ 300,138,000</u>	<u>\$ 306,888,000</u>	<u>\$ 337,180,000</u>	<u>\$ 358,081,000</u>	<u>\$ 339,799,000</u>	<u>\$ 352,828,000</u>	<u>\$ 385,840,000</u>	<u>\$ 405,407,000</u>

⁽¹⁾ Public schools rates were eliminated in 2013 and were subsequently billed under Commercial and Industrial.

City of Bryan, Texas
Electric Rates
Last Ten Fiscal Years

Table 12

	2006				2007				2008				2009				2010			
	Customer Charge per Month	Demand per kW	Rate per kWh	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Rate per kWh	Customer Charge per Month	Demand per kW	Rate per kWh	Rate per kWh
City Electric System																				
Residential Winter (Nov-Apr)	8.15	-	\$ 0.0800	\$ 8.15	8.15	\$ 8.15	\$ 0.0752	\$ 8.15	8.15	\$ 8.15	\$ 0.0902	\$ 8.15	8.15	\$ 8.15	\$ 0.0782	\$ 8.15	-	-	\$ 0.0782	-
Residential Summer (May-Oct)	8.15	-	0.0900	8.15	8.15	-	0.0852	8.15	8.15	-	0.1002	8.15	8.15	-	0.0882	8.15	-	-	0.0882	-
Small Commercial	9.83	-	0.0844	9.83	9.83	-	0.0792	9.83	9.83	-	0.0942	9.83	9.83	-	0.0822	9.83	-	-	0.0822	-
General Service Commercial	20.00	6.35	0.0650	20.00	20.00	6.35	0.0590	20.00	20.00	6.35	0.0730	20.00	20.00	6.35	0.0620	20.00	6.35	6.35	0.0620	6.35
Large Industrial	-	13.70	0.0453	-	-	11.70	0.0453	-	-	11.70	0.0603	-	-	11.70	0.0483	-	-	11.70	0.0483	-
Bryan Public Schools	30.00	-	0.0915	30.00	30.00	-	0.0855	30.00	30.00	-	0.1005	30.00	30.00	-	0.0885	30.00	-	-	0.0885	-
Interdepartmental	30.00	-	0.0931	30.00	30.00	-	0.0871	30.00	30.00	-	0.1021	30.00	30.00	-	0.0901	30.00	-	-	0.0901	-
Rural Electric Division	-	7.13	0.0568	-	-	6.30	0.0530	-	-	6.30	0.0690	-	-	6.30	0.0560	-	-	6.30	0.0560	-
Rural Electric System																				
Residential Winter (Nov-Apr)	8.15	-	0.0810	8.15	8.15	-	0.0761	8.15	8.15	-	0.0891	8.15	8.15	-	0.0766	8.15	-	-	0.0766	-
Residential Summer (May-Oct)	8.15	-	0.0910	8.15	8.15	-	0.0861	8.15	8.15	-	0.1091	8.15	8.15	-	0.0866	8.15	-	-	0.0866	-
Small Commercial	9.83	-	0.0890	9.83	9.83	-	0.0822	9.83	9.83	-	0.0952	9.83	9.83	-	0.0827	9.83	-	-	0.0827	-
General Service Commercial	20.00	7.21	0.0658	20.00	20.00	7.21	0.0610	20.00	20.00	7.21	0.0740	20.00	20.00	7.21	0.0615	20.00	7.21	7.21	0.0615	7.21
Public/Private Schools	30.00	-	0.0980	30.00	30.00	-	0.0920	30.00	30.00	-	0.1050	30.00	30.00	-	0.0925	30.00	-	-	0.0925	-
City Electric System																				
Residential Winter (Nov-Apr)	8.15	\$ -	\$ 0.0782	\$ 8.88	8.88	\$ -	\$ 0.0786	\$ 10.28	10.28	\$ -	\$ 0.0800	\$ 10.28	10.28	\$ -	\$ 0.0718	11.00	-	-	\$ 0.0704	-
Residential Summer (May-Oct)	8.15	-	0.0882	8.88	8.88	-	0.0895	10.28	10.28	-	0.0926	10.28	10.28	-	0.0844	11.00	-	-	0.0831	-
Small Commercial	9.83	-	0.0822	11.16	11.16	-	0.0848	13.82	13.82	-	0.0909	13.82	13.82	-	0.0846	15.5	-	-	0.0809	-
General Service Commercial	20.00	6.35	0.0620	22.12	22.12	7.03	0.0612	26.34	26.34	8.37	0.0606	26.34	26.34	6.31	0.0606	33.25	7.81	7.81	0.0606	7.81
Large Industrial	-	11.70	0.0483	200.00	200.00	11.88	0.0454	400.00	400.00	12.30	0.0407	400.00	400.00	10.28	0.0407	400.00	12.5	12.5	0.0407	12.5
Bryan Public Schools	30.00	-	0.0885	33.18	33.18	-	0.0905	39.52	39.52	-	0.0955	39.52	39.52	-	0.0866	40.00	-	-	0.0866	-
Interdepartmental	30.00	-	0.0901	30.00	30.00	-	0.0871	30.00	30.00	-	0.0821	30.00	30.00	-	0.0774	30.00	-	-	0.0774	-
Rural Electric Division	-	6.30	0.0560	-	-	6.59	0.0710	-	-	7.16	0.0510	-	-	5.42	0.0501	17200.00	-	-	0.0501	17200.00
Rural Electric System																				
Residential Winter (Nov-Apr)	8.15	-	0.0766	8.85	8.85	-	0.0766	9.61	9.61	-	0.0749	9.61	9.61	-	0.0697	11.50	-	-	0.0697	-
Residential Summer (May-Oct)	8.15	-	0.0866	8.85	8.85	-	0.0903	9.61	9.61	-	0.0872	9.61	9.61	-	0.0820	11.50	-	-	0.0820	-
Small Commercial	9.83	-	0.0827	11.37	11.37	-	0.0862	13.16	13.16	-	0.0887	13.16	13.16	-	0.0844	15	-	-	0.0844	-
General Service Commercial	20.00	7.21	0.0615	19.62	19.62	7.21	0.0581	19.25	19.25	7.07	0.0527	19.25	19.25	6.00	0.0527	21	7.5	7.5	0.0527	7.5
Public/Private Schools	30.00	-	0.0925	31.47	31.47	-	0.0920	33.01	33.01	-	0.0896	33.01	33.01	-	0.0825	0	-	-	0.0825	-

City of Bryan, Texas
 Top Ten Water Customers
 For Fiscal Year Ended September 30, 2015

Table 13

Customer	Type of Industry	Water Usage Gallons	Rank	Percentage of Total Water Usage
Wellborn Special Utility District	Utility District	113,086,700	1	3.13%
BISD	Public School	90,554,300	2	2.51%
St. Joseph Hospital	Health Care Facility	72,373,400	3	2.00%
City of Bryan	Local Government	62,321,800	4	1.73%
Brazos County	County Government	49,529,700	5	1.37%
TDCJ - Hamilton Unit	Correctional Facility	34,129,700	6	0.94%
Federal Prison Camp	Correctional Facility	33,578,600	7	0.93%
Oakwood/Country Village	MHP	29,924,300	8	0.83%
Housing Authority of Bryan	Housing	25,096,200	9	0.69%
Crestview	Retirement Community	20,950,000	10	0.58%
Total		531,544,700		14.71%

Total gallons of water sold 3,612,271,400

City of Bryan, Texas
 Top Ten Sewer Customers
 For Fiscal Year Ended September 30, 2015

Table 14

Customer	Type of Industry	Sewer Usage Gallons	Rank	Percentage of Total Gallons of Sewer Treated
St. Joseph Hospital	Health Care Facility	62,211,900	1	2.31%
Brazos County	County Government	36,674,200	2	1.36%
TDCJ - Hamilton Unit	Correctional Facility	34,129,700	3	1.27%
Federal Prison Camp	Correctional Facility	33,315,400	4	1.24%
Oakwood/Country Village	MHP	29,924,300	5	1.11%
BISD	Public School	27,117,400	6	1.01%
Housing Authority of Bryan	Housing	22,543,300	7	0.84%
A&M Buena Vista	Apartments	18,296,200	8	0.68%
New Alenco Window LTD	Manufacturing	18,187,400	9	0.68%
City of Bryan	Local Government	17,847,800	10	0.66%
Total		<u>300,247,600</u>		<u>11.16%</u>
Total gallons of wastewater treated		2,691,160,000		

City of Bryan, Texas
Water and Sewer Rates
As of September 30, 2015 Table 15

Customer Class	Monthly Water Rates		Volume Charge per 1000 gallons
	Monthly Customer Charge	Monthly Customer Charge	
Residential	\$ 8.31	\$ 8.31	2.76
Commercial/Industrial	13.74	13.74	2.38
Bryan Public Schools	13.74	13.74	2.38
Interdepartmental	13.74	13.74	2.38
Special Contracts	13.74	13.74	4.05
Bulk Sales	n/a	n/a	5.54

Customer Class	Monthly Sewer Rates		Volume Charge per 1000 gallons
	Monthly Customer Charge	Monthly Customer Charge	
Non Commercial	\$ 7.88	\$ 7.88	4.03
Commercial/Industrial	7.88	7.88	3.80

City of Bryan
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 16

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Per(a) Capita
	General Obligation Bonds	Certificates of Obligation	Notes	Govt Only Per(a) Capita	Utility Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Notes		
2006	20,332,997	57,236,875	3,215,000	988	92,555,000	52,002	43,125	876,919	174,311,918	2,132
2007	20,084,754	65,963,750	2,945,000	966	133,015,000	35,247	41,250	2,337,456	224,422,457	2,435
2008	19,652,088	74,105,782	2,650,000	1,020	166,390,000	17,912	39,218	1,903,941	264,758,941	2,802
2009	19,040,000	79,342,813	2,320,000	1,075	166,995,001	-	37,188	1,898,778	269,633,780	2,877
2010	29,005,000	79,175,156	2,140,000	1,038	248,310,000	-	34,844	1,893,792	360,558,792	3,391
2011	27,680,000	74,982,500	1,940,000	994	245,570,000	-	10,817,500	1,893,792	362,883,792	3,450
2012	25,525,000	70,655,156	1,720,000	789	279,300,000	-	9,744,844	1,893,792	388,838,792	3,134
2013	44,696,646	45,970,000	-	717	258,805,000	6,293,354	14,240,000	-	370,005,000	2,926
2014	43,290,021	48,590,908	-	676	242,020,000	8,359,092	47,779,979	-	390,040,000	2,871
2015	43,553,982	40,780,021	-	598	218,485,001	15,421,019	45,775,000	-	364,015,023	2,580

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Table 24 for population data. These ratios are calculated using the information from the referenced schedule.

City of Bryan, Texas
Legal Debt Margin Information
As of September 30, 2015

Table 17

As a Home Rule City, the City of Bryan is not limited by law in the amount of debt that may be issued. The City's charter (Section 12) states:

"The city council of the city shall have the power, and is hereby authorized to levy, assess and collect not to exceed one dollar and fifty cents (\$1.50) on each one hundred dollars (\$100) assessed valuation of all real and personal property within the city limits of the city not exempt from taxation by the constitution and laws of the State of Texas."

Article II, Section 5 of the State of Texas Constitution states in part:

"...but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city."

The tax rate at September 30, 2015 is \$0.62999 per \$100 assessed valuation with assessed valuation being 100% of appraised values.

City of Bryan, Texas
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years

Table 18

Fiscal Year	Tax Supported Debt	Less Debt Service Cash Funds	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per(a) Capita
2006	77,569,872	932,641	76,637,231	2.87%	1,096
2007	86,048,504	877,511	85,170,993	2.91%	1,204
2008	93,757,870	1,194,757	92,563,113	2.89%	1,285
2009	98,382,813	1,053,059	97,329,754	2.83%	1,345
2010	108,180,156	1,508,402	106,671,754	2.95%	1,400
2011	102,662,500	6,219,331	96,443,169	2.66%	1,260
2012	96,180,156	5,945,264	90,234,892	2.38%	1,167
2013	90,666,646	5,876,433	84,790,213	2.18%	1,086
2014	91,880,929	6,128,399	85,752,530	2.11%	1,089
2015	84,334,003	6,080,301	78,253,702	1.81%	967

(a) See Table 24 for population data.

City of Bryan, Texas
 Direct and Overlapping Governmental Activities Debt
 For Fiscal Year Ended September 30, 2015

Table 19

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Bryan Independent School District	\$ 171,915,000	68.38%	\$ 117,563,994
Brazos County	82,990,000	31.41%	26,069,627
Subtotal, overlapping debt			143,633,620
City of Bryan direct debt	78,253,702 ⁽¹⁾	100.00%	78,253,702
			<u>\$ 221,887,322</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bryan. This process recognizes, that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

⁽¹⁾ General Obligation debt outstanding less amount available in Debt Service Fund

City of Bryan, Texas
Pledged Revenue Coverage⁽¹⁾
Last Ten Fiscal Years

Table 20

Fiscal Year	City Electric Fund					Average Annual Debt Service Requirement	Coverage ⁽³⁾
	Gross Operating Revenue	Less: Operating Expenses	Interest Earnings	Net Revenue Available for Debt Service ⁽²⁾			
2006	\$ 184,493,117	\$ 163,039,450	\$ 2,667,490	\$ 23,191,157	\$ 3,987,212	5.82	
2007	144,289,607	127,100,116	3,895,267	19,868,758	6,100,700	3.26	
2008	156,996,327	140,918,938	2,522,016	18,599,405	4,417,023	4.21	
2009	150,824,637	128,204,221	1,378,874	23,999,290	10,712,800	2.24	
2010	137,929,447	114,145,447	365,336	24,149,336	8,926,329	2.71	
2011	154,851,433	117,869,352	369,563	37,351,644	12,378,923	3.02	
2012	155,453,210	112,143,156	369,937	43,679,991	12,117,100	3.60	
2013	160,991,056	128,862,043	407,920	32,536,933	11,791,899	2.76	
2014	185,255,098	141,613,409	414,342	44,056,031	11,456,262	3.85	
2015	186,223,521	142,393,888	770,945	44,600,578	22,369,965	1.99	

⁽¹⁾ Effective 2012, BTU Transmission revenue and costs billed through the ERCOT Transmission Matrix were grossed up, increasing total revenues and expenses, but having no impact on net available for debt service.

⁽²⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation and amortization plus certain interest income.

⁽³⁾ Required minimum coverage is 1.10 times annual debt service requirement, per the bond resolutions.

City of Bryan, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 21

Fiscal Year	Rural Electric Fund					Average Annual Debt Service Requirement	Coverage ⁽²⁾
	Gross Operating and Other	Less: Operating Expenses	Interest Earnings	Net Revenue ⁽¹⁾ as Defined in Bond Ordinance			
2006	\$ 26,825,404	\$ 23,628,753	\$ 399,295	\$ 3,595,946	-	-	
2007	24,991,627	21,889,442	383,439	3,485,624	402,349	8.66	
2008	28,975,229	26,118,134	239,229	3,096,324	34,680	89.28	
2009	30,996,152	27,889,698	56,851	3,163,305	402,349	7.86	
2010	30,133,488	26,083,010	43,002	4,093,480	567,339	7.22	
2011	31,851,185	27,624,793	53,347	4,279,739	424,578	10.08	
2012	31,495,841	26,348,351	82,333	5,229,823	565,365	9.25	
2013	32,257,374	27,231,209	47,422	5,073,589	555,382	9.14	
2014	35,728,300	30,502,755	73,213	5,298,758	544,220	9.74	
2015	39,287,075	33,264,827	75,800	6,098,048	1,204,659	5.06	

⁽¹⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation plus certain interest income.

⁽²⁾ Required minimum coverage is 1.20 times annual debt service requirement, per the bond resolutions.

City of Bryan, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

Table 22

Fiscal Year	Water and Wastewater Funds					Average Annual Debt Service Requirement	Coverage ⁽²⁾
	Gross Operating and Other	Less: Operating Expenses	Interest Earnings	Net Revenue as Defined in Bond Ordinance ⁽¹⁾			
2006	\$ 22,216,687	\$ 10,533,140	\$ 1,155,149	\$ 12,838,696	\$ 3,705,217	3.47	
2007	20,742,937	10,085,575	1,827,111	12,484,473	4,398,781	2.84	
2008	22,530,219	11,876,811	1,019,821	11,673,229	3,944,851	2.96	
2009	24,233,451	12,917,477	511,956	11,827,930	4,057,131	2.92	
2010	23,898,816	12,987,893	218,946	11,129,869	4,803,510	2.32	
2011	27,394,101	12,367,172	239,262	15,266,191	5,279,891	2.89	
2012	25,951,609	12,664,564	170,563	13,457,608	4,598,484	2.93	
2013	25,152,856	11,725,590	91,842	13,519,108	4,105,963	3.29	
2014	24,175,389	12,278,086	103,389	12,000,692	3,808,332	3.15	
2015	25,212,498	12,732,292	145,864	12,626,070	3,721,780	3.39	

⁽¹⁾ Net Revenue as defined in the bond Ordinance includes operating income before depreciation plus certain interest income.

⁽²⁾ Required minimum coverage is 1.25 times average annual debt service requirement, per the bond resolutions.

City of Bryan, Texas
Sales Tax by Category
Last Ten Calendar Years

Table 23

Category:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Communications and information	\$ 809,579	\$ 699,322	\$ 804,022	\$ 975,054	\$ 1,073,901	\$ 999,938	\$ 1,122,368	\$ 1,146,495	\$ 1,301,546	\$ 1,248,058
Home furnishings and appliances	472,573	458,752	392,899	411,290	414,247	405,991	414,871	383,795	457,351	296,203
Eating and drinking establishments	978,832	1,074,893	1,202,131	1,273,763	1,348,927	1,397,466	1,473,779	1,453,187	1,782,607	1,963,511
Department and retail stores	2,265,562	1,172,948	394,574	1,411,043	646,320	683,216	762,097	757,696	2,318,066	1,252,378
Oil and gas operations	989,910	483,382	739,345	465,054	457,378	244,732	96,821	130,639	243,942	228,011
Construction and building	805,337	1,030,817	1,013,741	380,446	641,427	496,984	183,079	202,861	(338,386)	114,626
Auto dealers and supplies	489,013	526,366	541,842	518,952	506,107	526,788	604,063	657,617	804,230	734,761
Printing/Publishers	61,655	62,523	55,930	60,045	62,385	74,499	78,050	81,592	96,547	94,316
Contractors	109,519	79,646	117,969	102,428	233,051	166,857	96,107	170,312	258,052	239,346
Manufacturing	488,312	780,537	627,914	479,757	659,853	404,338	477,069	389,218	913,475	554,296
Wholesalers	805,308	830,156	1,029,940	913,467	808,256	1,035,272	1,040,901	942,114	1,349,014	1,260,378
Food Stores	442,727	501,861	530,319	578,078	574,453	576,909	656,980	590,592	633,784	659,635
Other stores	1,348,408	1,861,118	2,825,398	3,095,127	3,300,348	3,000,558	3,108,023	3,156,217	3,624,535	3,828,445
Apparel	63,400	74,201	110,101	137,787	157,434	173,774	189,569	197,411	228,548	236,879
All other outlets	6,175	4,034	5,767	8,561	7,147	6,522	9,220	9,949	17,579	3,315
Financial services	29,914	41,613	42,252	42,012	87,646	115,873	129,935	120,050	158,925	92,429
Rentals and leasing	458,336	648,912	687,486	501,611	379,943	519,721	528,027	449,878	600,118	586,868
Professional services	406,126	521,846	446,664	475,821	492,995	542,964	563,031	527,801	565,631	528,114
Repair and maintenance	256,641	261,041	316,507	249,669	299,983	354,236	429,320	273,518	578,585	443,815
Hotels/Motels	4,194	1,904	3,733	23,338	5,351	(261)	10,001	21,824	33,193	12,539
Other products and equipment	139,817	60,721	79,815	5,962	17,491	48,381	43,322	71,858	73,971	58,129
Other	2,409,002	1,848,034	2,111,392	1,107,023	1,950,649	1,935,112	1,945,432	2,498,185	1,669,556	3,387,022
Total	\$ 13,840,340	\$ 13,024,627	\$ 14,079,741	\$ 13,216,292	\$ 13,216,288	\$ 13,709,871	\$ 13,962,066	\$ 14,232,808	\$ 17,370,868	\$ 17,823,076

Source: Texas Comptroller of Public Accounts

City of Bryan, Texas
Demographic & Economic Statistics
Last Ten Fiscal Years

Table 24

Fiscal Year	Population ⁽¹⁾	School Enrollment ⁽²⁾	Personal Income ⁽³⁾		Unemployment Rate ⁽⁴⁾
			Personal Income	Per Capita Personal Income	
2006	69,903	14,738	\$ 5,294,447,000	\$ 25,331	4.10%
2007	70,744	14,700	5,568,000,000	27,436	4.10%
2008	72,015	14,700	5,836,000,000	28,176	4.20%
2009	72,357	15,000	5,905,000,000	27,818	6.50%
2010	76,201	15,800	6,634,028,000	28,839	6.20%
2011	76,541	15,800	7,010,284,000	29,753	5.50%
2012	77,321	15,609	7,505,075,000	30,664	5.70%
2013	78,061	15,621	7,777,737,000	31,788	4.90%
2014	78,709	15,982	8,269,533,000	32,241	4.10%
2015	80,913	16,000	Not Available	Not Available	3.50%

⁽¹⁾ U.S. Census Bureau and www.factfinder2.census.gov

⁽²⁾ Bryan Independent School District

⁽³⁾ Bureau of Economic Analysis; www.bea.gov; www.stlouisfed.org (FRED) Fed Reserve Bank of St Louis and totals represent Bryan and College Station statistics combined.

⁽⁴⁾ Bureau of Labor Statistics http://www.bls.gov/eag/eag.tx_collegestation_msa.htm. Includes College Station and Bryan

City of Bryan, Texas
 Principal Employers
 Current Year and Ten Years Ago Table 25

2015	2006
Blinn College	Brazos County
Brazos County	Bryan Independent School District
Bryan Independent School District	City of Bryan
City of Bryan	City of College Station
Knife River	College Station Independent School District
Ply Gem Windows	HEB Grocery Company LP
Sanderson Farms	Sanderson Farms
SouthCorp Packaging USA	St. Joseph Regional Hospital
St. Joseph Regional Hospital	Texas A&M University System
Wal-Mart	Wal-Mart

Employers are listed in alphabetical order and do not reflect any ranking. The Texas Workforce Commission ranking and number of employee data is confidential.

Source: Texas Workforce Commission. <http://www.texasindustryprofiles.com/apps/eci/index.asp>.

The information contained in the above table represents information for Bryan and College Station and the surrounding area. Information for the individual cities is not available.

City of Bryan, Texas
 Full-time Equivalent City Government Employees by Function
 Last Ten Fiscal Years

Table 26

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government and Administration										
Executive Services	5	6	7	6	6	5	5	6	6	6
Communications & Marketing	3	3	3	5	5	5	3	4	4	4
Neighborhood and Youth Services	1	1	1	1	1	1	1	-	-	1
Special Projects	1	1	1	3	0.25	0.25	0.25	-	-	1
Economic Development	-	-	-	-	-	-	-	-	-	2
Internal Audit	1	1	1	1	1	1	1	1	1	1
City Secretary	6	7	7	7	7	7	6	6	6	6
Legal Services	5	5	6	6	6	6	5	4	5	4
Support Services										
Fiscal Services	13	12	12	13	12	12	12	12	10	11
Purchasing Services	4	5	5	5	2	2	2	2	2	3
Information Technology	13	14	15	15	15	15	15	16	17	19
Human Resources	5	5	5	5.5	5	5	6	5	5	5
Facility Services	27	24	24	23	23	23	16	16	16	17
Fleet Services	12	11	11	11	11	12	9	9	5	8
Warehouse	3	4	4	4	4	4	4	4	4	4
Risk Management	6	6	6	5	6	6	6	6	6	6
Development Services										
Planning and Development	8	9	8	8	8	8	8	10	8	8
Building Services	9	13	16	16	16	17	14	9	11	11
Code Enforcement										3
Community Development	7	8	8	6.5	5.75	5.75	5.75	6	6	6
Public Works Services										
Administration	-	1	1	3	5	-	-	-	-	-
Engineering Services	17	17	18	17	16	19	13	12	12	13
Transportation & Drainage	30	30	31	31	29	29	18	16	15	16
Traffic Services	-	-	-	9	9	10	10	9	8	9
Public Safety										
Police Officers	118	119	123	124	124	124	138	136	140	139
Civilians	38	38	37	47	47	47	39	35	31	30
Firefighters/Emergency Medical Technicians	91	101	108	108	108	108	107	108	118	112
Civilians	2	2	4	5	5	5	4	6	4	4
Emergency Management Coordinator	-	-	1	1	1	1	1	1	1	1
Bryan Animal Center	-	-	-	-	-	-	-	8	10	10
Municipal Court	14	14	14	16	16	16	15	16	15	17
Cultural and Recreation/Community Services										
Library Services	19	19	19	20	19	19	24	21	21	21
College Station Library	16	16	16	15	16	16	19	18	17	16
Parks and Recreation	9	14	13	14	19	18	28	22	21	23
Water	40	36	35	35.8	35.55	36.55	34.50	32	33	37
Wastewater	53	44	43	44.2	44.45	44.45	31.50	40	31	29
Solid Waste	49	55	51	46	46	47	44	37	41	43
Call Center	-	-	-	5	5	5	5	5	5	5
Airport	-	-	-	-	-	2	1	1	1	2
Electric Department-Municipal and Rural	203	195	203	181	187	189	165	171	177	185
Total	828	836	857	862.5	866	871	816	810	815	838

City of Bryan, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Table 27

Function:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrest	5,838	4,178	5,205	5,030	5,744	5,063	4,826	5,525	5,497	5,644
Traffic citations	17,640	13,097	15,512	15,325	12,752	12,400	11,663	11,118	9,812	9,170
Fire										
Number of Fire and EMS calls	7,999	8,402	8,370	9,002	8,873	9,125	9,420	9,261	10,272	11,062
Transportation										
Potholes repaired	4,000	6,500	3,200	n/a	3,133	3,225	225	208	321	380
HMAC (Hot Mix Asphaltic Concrete) placed (tons)	n/a	n/a	n/a	2,853	2,476	1,258	1,978	1,455	1,434	1,100
In-house concrete poured (cubic yards)	n/a	n/a	n/a	1,080	162	584	485	723	434	250
Culture and recreation										
New library patron registration	10,995	8,611	8,323	9,014	9,573	8,419	7,259	7,384	7,018	6,281
Library circulation of materials	726,762	804,617	840,601	785,243	857,090	849,241	784,421	797,577	726,617	837,658
Number of cooperative programs with Bryan ISD and College Station Parks and Recreation department	11	12	12	12	12	10	13	16	18	19
Pavilion rentals	824	849	956	876	888	743	913	993	1,215	1,441
Athletic field usage (hours)										
Travis Park (1 field)	208	n/a								
Bryan Regional Athletic Complex (4 softball fields)	1,632	1,620	1,710	1,740	1,825	1,910	1,920	2,432	2,510	2,390
Bryan Regional Athletic Complex (9 soccer fields)	1,026	1,040	1,050	1,105	1,284	1,192	1,105	1,070	1,094	1,020
Neighborhood/Youth Services										
Neighborhood Associations registered	31	32	37	38	40	41	41	41	41	41
Municipal Court										
Number of cases filed	15,613	17,199	16,190	15,490	14,728	18,147	17,832	16,821	13,304	11,878
Community Development										
Number of citizens provided homebuyers assistance	25	37	21	28	26	17	17	18	6	9
Number of households provided rehabilitation	1	-	4	3	3	5	1	3	3	2
Number of households provided minor rehabilitation	35	30	41	33	29	41	41	43	54	69
Water										
Number of new connections	414	286	319	245	183	180	151	173	167	188
Maximum daily capacity (gallons)	32,000,000	36,000,000	36,000,000	36,000,000	37,700,000	37,700,000	37,708,000	37,708,000	37,708,000	37,700,000
Daily average usage (gallons)	9,966,788	8,123,886	9,794,146	10,422,973	9,403,642	11,981,855	10,572,675	10,414,774	9,605,065	9,896,634
Total usage (gallons)	3,637,877,700	2,965,218,600	3,584,657,700	3,804,385,300	3,432,329,400	4,373,377,200	3,869,598,900	3,801,392,400	3,505,848,800	3,612,271,400
Wastewater										
Combined capacity (gallons per day)	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000	12,750,000	14,000,000	14,000,000	14,000,000
Daily average usage (gallons)	7,004,600	7,798,565	6,969,882	6,392,433	7,127,600	6,525,488	6,995,218	6,495,737	6,997,132	7,352,896
Total usage (gallons)	2,556,679,000	2,846,476,400	2,542,547,000	2,333,238,000	2,601,574,000	2,381,803,000	2,560,249,000	2,372,404,000	2,553,953,000	2,691,160,000
Solid Waste										
Refuse collected (tons)	48,647	45,275	54,881	52,443	56,800	56,120	55,819	55,520	55,345	57,664

Sources: Various City Departments

City of Bryan, Texas
 Capital Asset Statistics by Function
 Last Ten Fiscal Years

Table 28

Function:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	118	121	124	124	137	136	137	136	140	143
Fire and emergency medical services:										
Number of stations	4	4	4	5	5	5	5	5	5	5
Number of personnel	96	102	110	110	110	110	110	110	117	123
Highways and streets:										
Lane miles of paved streets	649	660	660	738	738	738	738	752	752	752
Culture and recreation:										
Number of parks	45	45	35	42	42	42	42	52	53	52
Park acreage	587	587	587	611	611	611	611	678	683	690
Number of golf courses	1	1	1	1	1	1	1	1	1	1
Golf course acreage	128	128	104	104	104	104	104	104	104	127
Hike and bike trails - number of miles	5	18	22	23	23	23	23	23	23	35
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Cemetery acreage	97	97	70	70	70	70	70	70	70	92
Number of libraries	3	3	3	3	3	3	3	3	3	3
Library volumes	257,833	255,366	242,171	245,810	128,798	147,090	237,557	233,237	223,266	211,240
Water system:										
Miles of line	403	410	442	453	453	459	472	469	474	482
Number of connections	21,102	21,388	21,782	21,587	21,770	21,804	21,913	22,147	22,418	22,870
Number of wells	9	10	12	12	12	12	12	12	12	12
Wastewater system:										
Miles of line	378	378	378	380	380	382	387	393	396	389
Number of connections	20,224	20,461	20,839	21,113	21,378	21,460	21,539	21,761	22,021	22,350
Number of treatment plants	3	3	3	3	3	3	3	3	3	3
Electric system:										
Generating capacity (kW)	287,000	287,000	234,644	296,000	336,000	337,000	337,000	337,000	226,000	221,000
Reserve oil capacity (gallons)	4,900,000	4,670,000	4,670,000	4,670,000	4,170,000	3,120,000	3,120,000	3,120,000	0	0
Number of substations	9	9	9	9	10	11	11	11	11	11
Number of connections	30,502	31,201	31,656	32,152	32,421	32,583	33,150	33,920	34,609	35,174
Rural Electric system:										
Number of utility connections	13,477	13,923	14,513	15,116	15,593	16,033	16,881	17,556	18,328	19,068
Number of substations	12	11	12	12	12	13	13	15	15	16

Sources: Various City Departments

**CONTINUING FINANCIAL DISCLOSURE TABLES
(UNAUDITED)**

The Continuing Financial Disclosure Tables present various financial data originally distributed in a debt official statement. The City is required to update financial tables originally distributed in a debt official statement within six months after the end of each fiscal year. This financial information is provided to the Municipal Securities Rulemaking Board (MSRB) annually via the Electronic Municipal Market Access (EMMA) system.

TYPE OF DEBT

TABLE SERIES

General Obligation Bonds
Waterworks and Sewer System Revenue Bonds
City Electric System Revenue Bonds
Rural Electric System Revenue Bonds

GO-1 – GO-13
RW-1 – RW-10
REC-1 – REC-7
RER-1 – RER-6

City of Bryan, Texas

Valuation, Exemptions and General Obligation Debt
As of September 30, 2015

Table GO-1

2014/2015 Market Valuation Established by Brazos County Appraisal District
(Excluding totally exempt property) \$ 4,555,134,017

Less Exemptions/Reductions at 100% Market Value	
Over 65 or Disabled Exemptions	\$ 55,918,513
Homestead Cap Adjustment	12,407,752
Disabled Veterans Exemptions	15,366,283
Agricultural Land Use Reductions	75,023,113
House Bill 366	434,691
Pollution Control	4,100,828
Prorated Exempt Property	241,550
Freepport Exemptions	33,708,530
Member of Armed Services Surviving Spouse	727,700
Tax Abatement Reductions	<u>23,083,940</u>

221,012,900

2014/2015 Net Taxable Valuation

4,334,121,117

General Obligation & Certificates of Obligation Debt Payable from Ad Valorem Taxes (as of 9/30/15)

145,530,000

Less : Self Supporting Debt

81,580,345

Net General Obligation Debt Payable from Ad Valorem Taxes

63,949,655

General Obligation Interest and Sinking Fund as of 9/30/2015

6,080,301

Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation

1.48%

2015 Estimated Population - 80,913

Per Capita Taxable Assessed Valuation - \$53,565

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$857

City of Bryan, Texas

Taxable Assessed Valuations by Category

As of September 30, 2015

Table GO-2

Category	2015		2014		2013		2012		2011	
	Amount	% of Total								
Real, Residential, Single-Family	\$ 2,220,311,560	48.74%	\$ 2,112,073,229	49.108%	\$ 2,035,277,991	49.09%	\$ 2,008,513,999	50.23%	\$ 1,915,473,138	51.30%
Real, Residential, Multi-Family	507,521,525	11.14%	445,683,327	10.363%	421,407,065	10.17%	405,749,972	10.15%	386,493,919	10.35%
Real, Vacant Lots/Tracts	94,255,510	2.07%	94,517,351	2.198%	85,878,322	2.07%	81,232,842	2.03%	85,197,103	2.28%
Real, Acreage (Land Only)	117,328,147	2.58%	125,050,665	2.908%	113,860,982	2.75%	105,851,362	2.65%	100,768,588	2.70%
Real, Farm and Ranch Improvements	228,128	0.01%	173,578	0.004%	7,372,974	0.18%	7,165,254	0.18%	6,919,466	0.19%
Real, Commercial and Industrial	908,888,266	19.95%	870,572,606	20.242%	841,981,424	20.31%	800,398,222	20.02%	674,091,709	18.05%
Real, Oil, Gas and Other Mineral Reserves	42,414,920	0.93%	11,065,359	0.257%	9,930,584	0.24%	11,742,793	0.29%	11,844,810	0.32%
Real and Tangible Personal, Utilities	43,617,627	0.96%	42,483,220	0.988%	43,116,790	1.04%	48,568,740	1.21%	46,390,110	1.24%
Tangible Personal, Business	561,182,080	12.32%	543,115,138	12.628%	531,395,980	12.82%	475,954,991	11.90%	456,187,890	12.22%
Tangible Personal, Other	16,299,690	0.36%	15,298,224	0.356%	15,359,270	0.37%	15,509,640	0.39%	15,455,330	0.41%
Real, Inventory and Special Inventory	43,086,564	0.95%	40,862,999	0.950%	40,028,782	0.97%	37,674,810	0.94%	35,251,760	0.94%
Total Appraised Value before Exemptions	4,555,134,017	100.00%	4,300,895,696	100.00%	4,145,610,164	100.00%	3,998,362,625	100.00%	3,734,073,823	100.00%
Less: Total Exemptions/Reductions	221,012,900		245,030,266		250,267,982		214,929,766		195,679,975	
Taxable Assessed Value	\$ 4,334,121,117		\$ 4,055,865,430		\$ 3,895,342,182		\$ 3,783,432,859		\$ 3,538,393,848	

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

City of Bryan, Texas
 Valuation and General Obligation Debt History
 As of September 30, 2015

Table GO-3

Fiscal Year	Estimated Population	Taxable Assessed Valuation⁽¹⁾	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year⁽²⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2010	76,201	3,610,470,920	47,381	108,215,000	3.00%	1,420
2011	76,541	3,538,393,848	46,229	113,480,000	3.21%	1,483
2012	77,321	3,783,727,145	48,935	105,925,000	2.80%	1,370
2013	78,061	3,895,342,182	49,901	111,200,000	2.85%	1,425
2014	78,709	4,055,865,430	51,530	148,020,000	3.65%	1,881
2015	80,913	4,334,121,117	53,565	145,530,000	3.36%	1,799

⁽¹⁾ As reported by the Brazos County Appraisal District on City's annual State Property Tax Reports; subject to change during the ensuing year.

⁽²⁾ Includes self-supporting General Obligation Debt. See Table GO-1 Valuation, Exemptions and General Obligation Debt.

City of Bryan, Texas

Tax Rate, Levy and Collection History

As of September 30, 2015

GO-4

Fiscal Year	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2011	0.636400	0.435392	0.201008	22,810,074	98.25%	99.30%
2012	0.636400	0.440579	0.195821	23,800,130	98.26%	99.16%
2013	0.633308	0.437483	0.195825	24,418,567	98.66%	99.66%
2014	0.629990	0.434109	0.195881	25,299,027	98.57%	99.73%
2015	0.629990	0.442658	0.187332	26,961,308	98.58%	100.14%

City of Bryan, Texas

Ten Largest Taxpayers

As of December 31, 2015

Table GO-5

<u>Name of Taxpayer</u>	<u>Nature of Property</u>	<u>2014/2015 Assessed Valuation</u>	<u>% of Total Taxable Assessed Valuation</u>
Sanderson Farms Inc	Food Processing	\$ 43,371,328	1.00%
Bryan Student Housing LLC	Student Housing	37,934,230	0.88%
Jamespoint Management Co	Apartments	31,169,675	0.72%
Halcon Energy Properties	Energy	24,825,521	0.57%
SW Meadows Point LP	Apartments	24,236,550	0.56%
Wal-Mart Real Estate	Retail Stores	23,400,140	0.54%
KC Presidio Apartments LLC	Apartments	22,150,515	0.51%
Toyo Ink International Corp	Manufacturing	21,155,300	0.49%
Texas A&M University - Ground Lease	Multi-Use Development	20,710,280	0.48%
4050 Pendleton LTD	Housing	20,367,686	0.47%
		<u>\$ 269,321,225</u>	<u>6.21%</u>

City of Bryan, Texas

Debt Information - General Obligation - Debt Service Requirements*

As of September 30, 2015

Table GO-6

Fiscal Year Ended	DEBT SERVICE REQUIREMENTS - General Obligation Debt			Less Self Supporting Debt			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	11,470,000	4,775,654	16,245,654	5,702,374	2,630,049	8,332,423	5,767,626	2,145,605	7,913,231
2017	10,855,000	4,506,638	15,361,638	5,602,653	2,525,171	8,127,824	5,252,347	1,981,467	7,233,814
2018	11,065,000	4,206,213	15,271,213	5,442,087	2,361,483	7,803,571	5,622,913	1,844,729	7,467,642
2019	10,810,000	3,891,488	14,701,488	5,308,048	2,215,365	7,523,413	5,501,952	1,676,122	7,178,075
2020	11,005,000	3,589,806	14,594,806	5,329,721	2,078,633	7,408,353	5,675,279	1,511,174	7,186,453
2021	10,960,000	3,219,256	14,179,256	5,225,294	1,903,640	7,128,934	5,734,706	1,315,617	7,050,322
2022	9,940,000	2,863,450	12,803,450	5,326,118	1,743,497	7,069,615	4,613,882	1,119,953	5,733,835
2023	9,345,000	2,510,963	11,855,963	4,573,020	1,551,017	6,124,037	4,771,980	959,946	5,731,926
2024	9,655,000	2,198,063	11,853,063	4,726,308	1,403,060	6,129,368	4,928,692	795,003	5,723,695
2025	8,820,000	1,826,760	10,646,760	4,616,837	1,212,576	5,829,413	4,203,163	614,184	4,817,348
2026	6,255,000	1,534,491	7,789,491	2,961,997	1,073,216	4,035,213	3,293,003	461,275	3,754,278
2027	4,480,000	1,302,708	5,782,708	2,436,941	969,960	3,406,901	2,043,059	332,747	2,375,806
2028	4,645,000	1,135,091	5,780,091	2,515,659	885,223	3,400,882	2,129,341	249,868	2,379,209
2029	4,010,000	957,348	4,967,348	2,586,700	795,706	3,382,406	1,423,300	161,642	1,584,942
2030	3,150,000	807,604	3,957,604	2,073,509	701,741	2,775,250	1,076,491	105,863	1,182,354
2031	2,675,000	696,356	3,371,356	2,023,100	630,147	2,653,247	651,900	66,209	718,109
2032	2,360,000	603,869	2,963,869	1,955,000	559,334	2,514,334	405,000	44,535	449,535
2033	2,455,000	518,644	2,973,644	2,035,000	488,284	2,523,284	420,000	30,360	450,360
2034	2,130,021	429,756	2,559,777	1,695,000	414,096	2,109,096	435,021	15,660	450,681
2035	1,755,000	353,076	2,108,076	1,755,000	353,076	2,108,076	-	-	-
2036	1,820,000	289,458	2,109,458	1,820,000	289,458	2,109,458	-	-	-
2037	1,885,000	222,118	2,107,118	1,885,000	222,118	2,107,118	-	-	-
2038	1,955,000	151,430	2,106,430	1,955,000	151,430	2,106,430	-	-	-
2039	2,029,979	77,140	2,107,119	2,029,979	77,140	2,107,119	-	-	-
	\$ 145,530,000	\$ 42,667,378	\$ 188,197,378	\$ 81,580,345	\$ 27,235,419	\$ 108,815,764	\$ 63,949,655	\$ 15,431,959	\$ 79,381,614

*Includes all General Obligation Bonds (CO's and GO's)

City of Bryan, Texas
 Interest and Sinking Fund Budget Projection
 As of September 30, 2015

Table GO-7

Estimated Debt Service Requirements, Fiscal Year Ending 9-30-16		\$ 11,403,516 ⁽¹⁾
Interest and Sinking Fund, 09-30-15	6,080,301	
2014 Interest and Sinking Fund Tax Levy Collection	7,923,342	
Budget Transfers	2,115,598	
Estimated Investment and Other Income	<u>26,595</u>	<u>16,145,836</u>
Estimated Balance, 9-30-16		\$ 4,742,320

⁽¹⁾ Fiscal Year 2016 Budget Projection

City of Bryan, Texas

Computation of Self-Supporting Debt ⁽¹⁾

As of September 30, 2015 GO-8

Net System Revenue, FYE 9-30-15	\$ 64,584,938
Less: System Revenue Bond Requirements, FYE 09-30-15	25,098,588
Balance Available for Other Purposes	<u>\$ 39,486,350</u>
Self Supporting System GO and CO Bond Requirements, For Fiscal Year Ending 09-30-16	\$ 8,335,032

Percentage of System General Obligation Bonds
Self Supporting 100%

⁽¹⁾ Self Supporting debt is primarily supported by revenues from Water and Sewer system, City Electric, Rural Electric, TIRZs, BVSWMA, and Brazos County.

City of Bryan, Texas
 Authorized by Unissued General Obligation Bonds
 As of September 30, 2015

Table GO-9

Purpose	Date Authorized	Amount Authorized	Amount		Unissued Balance
			Previously Issued	Being Issued	
Streets	1-24-84	\$ 14,525,000	\$ 6,300,000	\$ -	\$ 8,225,000
Parks and Recreation	1-24-84	7,100,000	5,325,000	-	1,775,000
Railroad Grade Separation	1-24-84	3,200,000	350,000	-	2,850,000
Sanitary Landfill	1-24-84	1,000,000	800,000	-	200,000
		<u>\$ 25,825,000</u>	<u>\$ 12,775,000</u>	<u>-</u>	<u>\$ 13,050,000</u>

City of Bryan, Texas
Other Obligations
As of September 30, 2015

GO-10

The City has no Other Obligations outstanding as of September 30, 2015.

City of Bryan, Texas

General Fund Revenues and Expenditure History (modified accrual basis)

As of September 30, 2015

Table GO-11

	Fiscal Year Ended September 30				
	2015	2014	2013	2012	2011
Revenues					
Taxes	\$ 38,487,073	\$ 37,518,869	\$ 34,851,153	\$ 32,559,161	\$ 32,010,429
Licenses and Permits	625,106	668,583	565,539	592,784	492,175
Grants	1,284,034	1,289,569	1,028,040	1,343,300	1,757,380
Charges for Services	4,538,814	4,394,267	5,199,125	3,846,149	3,946,937
Investment Earnings	247,920	124,557	87,187	90,991	63,440
Fines and Forfeitures	1,723,017	1,724,754	1,794,775	1,844,317	1,895,018
Miscellaneous	1,204,026	2,131,782	2,045,021	332,317	459,082
Total Revenues	48,109,990	47,852,381	45,570,840	40,609,019	40,624,461
Expenditures					
General Government	\$ 13,667,518	\$ 13,261,191	\$ 13,191,380	\$ 12,202,961	\$ 12,648,419
Reimbursed Administrative Expenses	(3,476,440)	(3,396,294)	(3,425,498)	(3,515,703)	(3,610,977)
Public Safety	30,850,086	30,045,586	28,586,540	26,654,066	27,264,064
Development Services	3,058,936	3,217,623	3,008,648	2,808,838	3,145,030
Public Works	3,422,137	3,324,025	3,315,274	3,548,490	3,998,453
Cultural and Recreational	6,560,486	6,365,433	6,341,182	6,005,805	5,752,575
Interest and Fiscal Charges	-	-	1,832,647	126,420	138,740
Capital Outlay	2,918,679	1,277,904	790,647	375,282	1,967,510
Total Expenditures	\$ 57,001,402	\$ 54,095,468	\$ 53,640,820	\$ 48,206,159	\$ 51,303,814
Excess (Deficit) Revenues					
Over (Under) Expenditures	\$ (8,891,412)	\$ (6,243,089)	\$ (8,069,757)	\$ (7,597,140)	\$ (10,679,353)
Operating Transfers In	15,303,568	12,388,262	17,485,413	11,101,783	12,226,379
Operating Transfers Out	(814,657)	(439,155)	(3,110,691)	(619,390)	(391,787)
Sale of Capital Assets	1,591,734	12,258	13,115	47,265	213,342
Total Other	16,080,645	11,961,365	14,387,837	10,529,658	12,047,934
Net Increase (Decrease)	7,189,235	5,718,278	6,318,080	2,932,518	1,368,581
Beginning Fund Balance	28,179,174	22,460,896	16,142,816	13,210,298	11,841,717
Ending Fund Balance	\$ 35,368,409	\$ 28,179,174	\$ 22,460,896	\$ 16,142,816	\$ 13,210,298

City of Bryan, Texas

Changes in Net Position

As of September 30, 2015

Table GO-11A

	Government Activities				
	2015	2014	2013	2012	2011
Revenues					
Program Revenues					
Charges for Services	\$ 6,926,299	\$ 6,828,230	\$ 7,604,050	\$ 6,329,426	\$ 6,379,944
Operating Grant and Contributions	2,769,647	2,490,517	2,840,902	2,732,746	2,607,994
Capital Grants and Contributions	2,049,078	1,661,849	1,891,869	3,232,203	2,657,466
General Revenues					
Property Taxes	28,039,989	25,765,716	24,723,667	24,075,833	23,043,249
Other Taxes	21,683,058	21,834,534	19,134,052	17,575,465	17,121,297
Other	10,589,029	10,230,727	12,663,041	8,036,343	8,968,615
Total Revenues	72,057,100	68,811,573	68,857,581	61,982,016	60,778,565
Expenditures					
General Government and Administration	9,775,235	11,862,123	12,725,727	12,567,217	11,694,539
Development Services	5,403,697	5,265,275	5,324,990	4,946,473	5,451,223
Public Works Services	16,894,814	14,180,817	12,764,623	15,169,531	14,091,910
Public Safety	33,648,379	33,069,954	32,133,857	24,346,634	21,693,251
Culture and Recreation	8,374,038	8,332,012	8,175,136	8,242,037	7,666,774
Interest on Long Term Debt	3,299,163	3,548,311	4,264,522	4,560,746	4,982,815
Total Expenditures	77,395,326	76,258,492	75,388,855	69,832,638	65,580,512
Decrease in Net Position Before Transfers	(5,338,226)	(7,446,919)	(6,531,274)	(7,850,622)	(4,801,947)
Transfers	14,789,653	12,138,907	12,754,364	5,973,524	10,884,784
Change in Net Position After Transfers	9,451,427	4,691,988	6,223,090	(1,877,098)	6,082,837
Net Position - October 1	100,522,539	112,897,882	106,355,996	108,233,094	102,150,257
Net Position- Sept 30*	\$ 109,973,966	\$ 117,589,870	\$ 112,579,086	\$ 106,355,996	\$ 108,233,094

* Net Position for FY2013 and FY2014 restated, reference Note 1

The City has adopted the Municipal Sales and Use Tax Act, 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 debt. The Sales and Use Tax is collected by the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. In addition, the Tax Code provides certain cities the option of assessing a maximum one-half percent (1/2%) sales tax on retail sales of taxable items for the purpose of reducing its ad valorem, taxes, if approved by a majority of the voters in a local option election. If the additional tax is approved and levied, the ad valorem property tax levy must be reduced by the estimated amount of the sales tax revenues to be generated in the current year.

Subject to the approval of a majority of the voters in a local option election, state law also provides certain cities the option of assessing a sales and use tax for a variety of other purposes, including economic and industrial development, municipal street maintenance and repair, and sports and community venues.

State law limits the maximum aggregate sales and use tax rate in any area to 8 1/4%. Accordingly, the collection of local sales and use taxes in the area of the City (including sales and use taxes levied by the County) is limited to no more than 2%.

In addition to the one percent (1%) local sales and use tax referred to above, voters of the City approved an additional sales and use tax of one-half of one percent (1/2 of 1%) for property tax reductions effective October 1, 1990. The following table sets forth the City's historical collections of sales and use taxes.

Fiscal Year Ended 9/30	Tax Collected	% of Ad Valorem Tax Levy	Equivalent of	
			Ad Valorem Tax Rate	Per Capita
2010	\$ 14,608,410	64.06%	\$ 0.4077	\$ 191.71
2011	14,301,017	62.70%	0.3990	186.84
2012	14,814,931	62.30%	0.3965	191.60
2013	15,984,919	65.46%	0.4146	204.77
2014	17,882,449	61.68%	0.3885	221.01
2015	17,788,431	65.98%	0.4156	219.85

City of Bryan, Texas

Current Investments and Cash Deposits ⁽¹⁾

As of September 30, 2015

Table GO-13

As of September 30, 2015 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Demand Deposits	\$ 68,160,396	70.74%
Coupon Agencies	23,190,984	24.07%
Government Pools	5,004,438	5.19%
Total Investable Funds	\$ 96,355,818	100%

⁽¹⁾ This table excludes City Electric and Rural Electric investments.

City of Bryan, Texas

Historical Water Consumption (Gallons)

Last Five Fiscal Years

Table RW-1

Fiscal Year Ended 9/30	Daily Average Usage	Peak Daily Usage	Total Usage
2011	11,981,855	24,620,000	4,373,377,200
2012	10,572,675	21,521,000	3,869,598,900
2013	10,414,774	23,281,000	3,801,392,400
2014	9,605,065	19,389,000	3,505,848,800
2015	9,896,634	21,972,000	3,612,271,400

City of Bryan, Texas

Ten Largest Water and Sewer Customers (Based on Gallons of Water Consumed)

As of September 30, 2015

Table RW-2

Customer	Type of Industry	Water Usage	% of Total Water Usage
Wellborn Special Utility District	Utility District	113,086,700	3.13%
BISD	Public School	90,554,300	2.51%
St. Joseph Hospital	Health Care Facility	72,373,400	2.00%
City of Bryan	Local Government	62,321,800	1.73%
Brazos County	County Government	49,529,700	1.37%
TDCJ - Hamilton Unit	Correctional Facility	34,129,700	0.94%
Federal Prison Camp	Correctional Facility	33,578,600	0.93%
Oakwood/Country Village	MHP	29,924,300	0.83%
Housing Authority of Bryan	Housing	25,096,200	0.69%
Crestview	Retirement Community	20,950,000	0.58%
		<u>531,544,700</u>	<u>14.71%</u>

City of Bryan, Texas
Monthly Water Rates
Effective September 30, 2015

Table RW-3

<u>Water Class</u>	<u>Customer Charge Per Month</u>	<u>Volume Charge Per 1,000 Gallons</u>
Residential	\$8.31	\$2.76
Commercial/Industrial	13.74	2.38
Bryan Public Schools	13.74	2.38
Interdepartmental	13.74	2.38
Special Contracts	13.74	4.05
Bulk Sales	N/A	5.54 (per 500 gallons)

City of Bryan, Texas
Wastewater Usage (Gallons)
Last Five Fiscal Years

Table RW-4

Fiscal Year Ended 9/30	Daily Average	Monthly Average	Total Usage	Total Fiscal Year End Revenues
2011	6,525,488	198,483,583	2,381,803,000	12,478,220
2012	6,995,218	213,354,158	2,560,249,900	12,469,568
2013	6,499,737	197,700,333	2,372,404,000	11,793,584
2014	6,997,132	212,829,417	2,553,953,000	11,989,872
2015	7,352,896	224,263,333	2,691,160,000	12,065,649

City of Bryan, Texas
Monthly Sewer Rates
Effective September 30, 2015

Table RW-5

Wastewater Class	Customer Charge Per Month	Volume Charge Per 1,000 Gallons
Non Commercial	\$7.88	\$4.03
Commercial/Industrial	7.88	3.80

City of Bryan, Texas

Debt Information - Waterworks and Sewer System Debt Service Requirements*

As of September 30, 2015

Table RW-6

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2016	3,385,000	1,805,494	5,190,494	
2017	3,525,000	1,673,746	5,198,746	
2018	3,755,000	1,532,006	5,287,006	
2019	3,995,000	1,386,711	5,381,711	
2020	4,240,000	1,260,854	5,500,854	38.13%
2021	4,420,000	1,111,791	5,531,791	
2022	4,595,000	950,666	5,545,666	
2023	2,420,000	777,704	3,197,704	
2024	2,370,000	706,491	3,076,491	
2025	2,525,000	633,273	3,158,273	32.94%
2026	2,590,000	545,135	3,135,135	
2027	2,660,000	452,929	3,112,929	
2028	2,660,000	356,391	3,016,391	
2029	2,735,000	256,241	2,991,241	
2030	2,185,000	151,079	2,336,079	25.88%
2031	740,000	66,063	806,063	
2032	770,000	33,688	803,688	3.05%
	\$ 49,570,000	\$ 13,700,262	\$ 63,270,262	100.00%

* Includes Only Revenue Bonds

City of Bryan, Texas

Waterworks and Sewer System Condensed Statement of Operations
As of September 30, 2015

Table RW-8

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Waterworks	\$ 12,390,019	\$ 11,678,692	\$ 12,723,839	\$ 12,879,376	\$ 14,281,996
Sewer System	12,883,147	12,496,697	12,429,017	13,072,233	13,112,105
Interest Income	145,864	103,389	91,845	170,563	239,262
Total Revenues	<u>25,419,030</u>	<u>24,278,778</u>	<u>25,244,701</u>	<u>26,122,172</u>	<u>27,633,363</u>
Expenses ⁽¹⁾:					
Waterworks	6,261,237	5,718,140	5,798,421	6,585,168	6,235,774
Sewer System	6,551,635	6,559,946	5,927,169	6,079,396	6,131,398
Total Expenses	<u>12,812,872</u>	<u>12,278,086</u>	<u>11,725,590</u>	<u>12,664,564</u>	<u>12,367,172</u>
Net Available for Debt Service	<u>\$ 12,606,158</u>	<u>\$ 12,000,692</u>	<u>\$ 13,519,111</u>	<u>\$ 13,457,608</u>	<u>\$ 15,266,191</u>
Water Connections	22,870	22,418	22,171	21,913	21,804
Sewer Connections	22,350	22,021	21,770	21,539	21,460

⁽¹⁾Excludes depreciation and amortization. 2015 includes an adjustment to reflect actual pension contributions.

City of Bryan, Texas

Waterworks and Sewer System Coverage and Fund Balances

As of September 30, 2015

Table RW-9

Average Annual Principal and Interest Requirement, 2016-2032	\$ 3,721,780
Coverage of Average Requirements by 9-30-2015 Net Income	3.39 Times
Maximum Principal and Interest Requirements, 2022	\$ 5,545,666
Coverage of Maximum Requirements by 9-30-15 Net Income	2.27 Times
Waterworks and Sewer System Revenue Bonds (September 30, 2015)	\$ 49,570,000
Interest and Sinking Fund (September 30, 2015)	\$ 3,208,084
Reserve Fund (September 30, 2015) ⁽¹⁾	-

⁽¹⁾ As permitted by the Prior Lien Bond Ordinance, the Reserve Fund is currently funded by two surety policies issued by Assured Guaranty in the aggregate amount of \$5,833,600, a surety policy issued by National Public Finance Guaratee in the amount of \$438,713, and a surety policy issued by Financial Guaranty Insurance Company in the amount of \$2,848,495 for the reserve fund requirement. The surety guarantee amount of each surety bond is reduced as bonds of the correlating series are paid and retired.

City of Bryan, Texas

Current Investments and Cash Deposits

As of September 30, 2015

Table RW-10

As of September 30, 2015 the following percentages of the City's investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Amortized Value</u>	<u>Percentage</u>
Demand Deposits	\$ 68,160,396	71%
Coupon Agencies	23,190,984	24%
Government Pools	5,004,438	5%
Total Investable Funds	<u>\$ 96,355,818</u>	<u>100%</u>

City of Bryan, Texas

Electric Rates

As of September 30, 2015

Table REC-1

City Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	0.0378	0.0111	\$	0.0301
Residential Summer (May - Oct.)	11.00	-	0.0505	0.0111		0.0301
Small Commercial	15.50	-	0.0510	0.0119		0.0301
Small Commercial Demand	29.75	6.31	0.0215		3.0500	0.0301
Small Commercial Demand Time of Use	137.00	-	0.0314-0.0918		3.0500	0.0301
Commercial General Service Time of Use	26.91	6.84	0.0142		0.1697	0.0300
Large Industrial	400.00	12.50	0.0075		0.1405	0.0300
Primary Service Large	400.00	12.25	0.0074		3.3900	0.0300
Transmission Service	1,725.00	12.68	0.0010		12.6800	0.0288
Security Lighting Service	8.55 Per Lamp					
Street Lighting Service	4.75-10.85 Per Lamp					
Rural Electric Division	8,100.00	5.88	0.0200		3.2800	0.0330

Rural Class	Customer Charge Per Month	Base		Regulatory		Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	0.0413	0.0097		0.0303
Residential Summer (May - Oct.)	11.00	-	0.0544	0.0097		0.0303
College Station Residential (Nov - Apr)	11.00	-	0.0418	0.0098		0.0303
College Station Residential (May - Oct)	11.00	-	0.0551	0.0098		0.0303
Small Commercial	14.00	-	0.0511	0.0091		0.0303
Small Commercial Demand	21.00	6.00	0.0228		2.4300	0.0303
General Service Commercial Demand Time of Use	137.00	-	0.0321 - 0.0939			0.0303
General Service Commercial Time of Use	26.62	8.05	0.0152			0.0303
Large Industrial	400.00	12.81	0.0077			0.0303
Secondary Service Irrigation	9.85 Per Lamp				0.0233	0.0303
Security Lighting Service	6.61 - 15.36 Per Lamp					0.0303
Street Lighting Service						0.0303

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - BTU City
As of September 30, 2015

Table REC-2

Type of Customer	2015		2014		2013	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	384,731,700	18.85%	370,811,660	18.17%	356,559,000	18.90%
Commercial & Industrial ⁽¹⁾	573,629,865	28.10%	555,113,684	27.20%	546,209,000	28.95%
Rural Electric Division	435,205,882	21.32%	419,249,453	20.54%	375,671,000	19.91%
Other Utilities	641,284,124	31.42%	779,781,000	38.20%	608,077,000	32.23%
Street Lights	6,205,516	0.30%				
Total	<u>2,041,057,087</u>	<u>100.00%</u>	<u>2,124,955,797</u>	<u>104.11%</u>	<u>1,886,516,000</u>	<u>100.00%</u>
Type of Customer	2012		2011		2010	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	365,255,000	17.19%	385,921,000	20.46%	368,227,000	19.95%
Commercial & Industrial	554,971,000	26.12%	553,586,000	29.34%	526,641,000	28.53%
Rural Electric Division	379,278,000	17.85%	376,858,000	19.98%	355,849,000	19.28%
Other Utilities	546,265,000	25.71%	442,068,000	23.43%	271,289,000	14.70%
Total	<u>1,845,769,000</u>	<u>86.86%</u>	<u>1,758,433,000</u>	<u>93.21%</u>	<u>1,522,006,000</u>	<u>82.46%</u>

⁽¹⁾ In 2015, previously reported Public Authorities and Interdepartmental were assigned Commercial & Industrial rates and street lights were broken out as a separate reporting category.

City of Bryan, Texas

Electric System Revenue Debt Service Requirements - City Electric

As of September 30, 2015

Table REC-3

Fiscal Year Ended	Principal	Interest	Total	% of Principal Retired
2016	11,505,000	7,623,494	19,128,494	
2017	10,785,000	7,119,494	17,904,494	
2018	6,205,000	6,587,894	12,792,894	
2019	27,035,000	6,325,906	33,360,906	
2020	5,840,000	5,016,781	10,856,781	37.94%
2021	6,115,000	4,739,144	10,854,144	
2022	6,420,000	4,446,119	10,866,119	
2023	5,725,000	4,152,413	9,877,413	
2024	5,975,000	3,899,644	9,874,644	
2025	6,245,000	3,632,306	9,877,306	18.84%
2026	6,550,000	3,329,456	9,879,456	
2027	6,865,000	3,009,863	9,874,863	
2028	7,200,000	2,672,825	9,872,825	
2029	7,555,000	2,319,325	9,874,325	
2030	7,935,000	1,946,131	9,881,131	22.32%
2031	8,325,000	1,550,781	9,875,781	
2032	7,900,000	1,154,144	9,054,144	
2033	6,005,000	775,419	6,780,419	
2034	3,965,000	492,100	4,457,100	
2035	2,440,000	314,325	2,754,325	17.70%
2036	2,540,000	213,675	2,753,675	
2037	2,640,000	108,900	2,748,900	3.20%
	\$ 161,770,000	\$ 71,430,138	\$ 233,200,138	100.00%

City of Bryan, Texas
Authorized but Unissued Revenue Bonds
As of September 30, 2015

Table REC-4

The City has no voted but unissued electric revenue bonds, and pursuant to State law, the City is not required to obtain the approval of voters to issue its Electric System revenue bonds.

City of Bryan, Texas

Condensed Statement of City Electric System Operations
As of September 30, 2015

Table REC-5

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
City Electric System and Other Revenue ⁽¹⁾	\$ 186,223,521	\$ 185,255,098	\$ 160,991,056	\$ 155,453,210	\$ 154,851,433
Investment Income	770,945	414,342	407,920	369,937	369,563
Total Revenues	<u>186,994,466</u>	<u>185,669,440</u>	<u>161,398,976</u>	<u>155,823,147</u>	<u>155,220,996</u>
City Electric System Expenses ⁽¹⁾⁽²⁾	<u>142,664,264</u>	<u>141,613,409</u>	<u>128,862,043</u>	<u>112,143,156</u>	<u>117,869,352</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 44,330,202</u>	<u>\$ 44,056,031</u>	<u>\$ 32,536,933</u>	<u>\$ 43,679,991</u>	<u>\$ 37,351,644</u>
BTU - City Electric Customers	35,174	34,609	33,920	33,160	32,583

⁽¹⁾ Effective 2012, BTU transmission revenues and costs billed through the ERCOT Transmission Matrix were grossed up, increasing total revenues and expenses, but having no impact on net available for debt service.

⁽²⁾ Excludes depreciation and amortization. 2015 includes an adjustment to reflect actual pension contributions.

City of Bryan, Texas

City Electric Coverage and Fund Balances

As of September 30, 2015

Table REC-6

Average Annual Principal and Interest Requirement, 2016-2037	\$ 10,600,006
Coverage of Average Requirements by 9-30-2015 Net available for debt service	4.18 Times
Maximum Principal and Interest Requirements, 2019	\$ 33,360,906
Coverage of Maximum Requirements by 9-30-2015 Net available for debt service ⁽¹⁾	1.33 Times
Electric System Revenue Bonds, 9-30-2015	\$ 161,770,000
Interest and Sinking Fund (September 30, 2015)	\$ 5,351,474
Reserve Fund (September 30, 2015)	\$ 10,552,883

⁽¹⁾ The City will treat the principal payment due July 1, 2019 as a Balloon Debt for the coverage calculation per the definition of the Annual Debt Service Requirements in the Board Ordinance. Based on revenue projections (which reflect a substantial reduction in the amount of the City's contract payment to TMPA for the Fiscal year 2019), the City expects that Net Revenues of the Electric System will be sufficient to pay the projected actual maximum annual debt service of \$33,360,906 in 2019.

City of Bryan, Texas

Current Investments and Cash Deposits - City Electric

As of September 30, 2015

Table REC-7

As of September 30, 2015 the following percentages of BTU's City Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Demand Deposits	\$ 48,809,798	58.24%
Investment in Gov't Pool	3,008,940	3.59%
Collateral deposits with counterparties	6,679,019	7.97%
Investment in agency securities	25,310,096	30.20%
Totals	<u>\$ 83,807,853</u>	<u>100%</u>

City of Bryan, Texas
Electric Rates

As of September 30, 2015

Table RER-1

City Class	Customer Charge Per Month	Base			Regulatory			Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	Per kWh		
Residential Winter (Nov. - Apr)	\$ 11.00	\$ -	0.0378	0.0111	\$	0.0301	0.0301	
Residential Summer (May - Oct.)	11.00	-	0.0505	0.0111		0.0301	0.0301	
Small Commercial	15.50	-	0.0510	0.0119		0.0301	0.0301	
Small Commercial Demand	29.75	6.31	0.0215	3.0500		0.0301	0.0301	
Small Commercial Demand Time of Use	137.00	-	.0359-.0647	.0070-.0209		0.0301	0.0301	
Commercial General Service Time of Use	26.91	2.70-4.14	0.0142	0.1697				
Large Industrial	400.00	12.50	0.0075	3.4600		0.0300	0.0300	
Primary Service Large	400.00-500.00	12.25	0.0074	3.3900		0.0300	0.0300	
Transmission Service	1,725.00	12.68	0.0010	3.4300		0.0288	0.0288	
Security Lighting Service	8.55 Per Lamp							
Street Lighting Service	4.75-10.85 Per Lamp							
Rural Electric Division	8,100.00	5.88	0.0200	3.2800		0.0330	0.0330	

Rural Class	Customer Charge Per Month	Base			Regulatory			Fuel Charge Per kWh (1)
		Per kW	Per kWh	Per kW	Per kWh	Per kWh		
Residential Winter (Nov. - Apr)	\$ 11.00	-	0.0413	0.0097	\$	0.0303	0.0303	
Residential Summer (May - Oct.)	11.00	-	0.0544	0.0097		0.0303	0.0303	
College Station Residential (Nov - Apr)	11.00	-	0.0418	0.0098		0.0303	0.0303	
College Station Residential (May - Oct)	11.00	-	0.0551	0.0098		0.0303	0.0303	
Small Commercial	14.00	-	0.0511	0.0091		0.0303	0.0303	
Small Commercial Demand	21.00	6.00	0.0228	2.4300				
General Service Commercial Demand Time c	137.00	-	0.0321 -0.0939	0.0070-0.0209		0.0303	0.0303	
General Service Commercial Time of Use	26.62	3.33-4.72	0.0152	0.0091		0.0303	0.0303	
Secondary Service Irrigation			0.0760	0.0233				
Security Lighting Service	9.85 Per Lamp							
Street Lighting Service	6.61 - 15.36 Per Lamp							

(1) Fuel Charges are subject to change.

City of Bryan, Texas

Energy Sales by Types of Customers - Rural
As of September 30, 2015

Table RER-2

Type of Customer	2015		2014		2013	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	278,512,502	68.70%	272,148,841	70.53%	244,371,000	69.26%
Commercial	126,894,455	31.30%	113,690,684	29.47%	108,457,000	30.74%
Total	405,406,957	100.00%	385,839,525	100.00%	352,828,000	100.00%
Type of Customer	2012		2011		2010	
	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold	Energy Sales (kWh)	% kWh Sold
Residential	236,568,000	69.62%	249,574,000	69.70%	242,057,000	71.79%
Commercial	103,231,000	30.38%	108,507,000	30.30%	95,123,000	28.21%
Total	339,799,000	100.00%	358,081,000	100.00%	337,180,000	100.00%

City of Bryan, Texas

Rural Electric System Revenue Debt Service Requirements

As of September 30, 2015

Table RER-3

Fiscal Year	Principal	Interest	Total	% of Principal Retired
2016	485,000	294,600	779,600	
2017	495,000	280,625	775,625	
2018	515,000	265,400	780,400	
2019	530,000	247,950	777,950	
2020	550,000	230,000	780,000	36.04%
2021	570,000	208,000	778,000	
2022	235,000	184,863	419,863	
2023	245,000	174,875	419,875	
2024	255,000	164,156	419,156	
2025	265,000	153,000	418,000	21.97%
2026	275,000	141,075	416,075	
2027	290,000	128,700	418,700	
2028	300,000	115,288	415,288	
2029	315,000	101,413	416,413	
2030	330,000	86,450	416,450	21.13%
2031	345,000	70,775	415,775	
2032	365,000	54,388	419,388	
2033	380,000	37,050	417,050	
2034	400,000	19,000	419,000	20.85%
	\$ 7,145,000	\$ 2,957,607	\$ 10,102,607	100.00%

City of Bryan, Texas
 Condensed Statement of Rural Electric System Operations
 As of September 30, 2015

Table RER-4

	Fiscal Year			
	2015	2014	2013	2012
				2011
Revenues				
Rural Electric System	\$ 39,287,075	\$ 35,728,300	\$ 32,257,374	\$ 31,495,841
Investment Income	75,800	73,213	47,422	82,333
Total Revenues	<u>39,362,875</u>	<u>35,801,513</u>	<u>32,304,796</u>	<u>31,578,174</u>
Rural Electric System Expenses ⁽¹⁾	<u>33,264,827</u>	<u>30,502,755</u>	<u>27,231,209</u>	<u>26,348,351</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 6,098,048</u>	<u>\$ 5,298,758</u>	<u>\$ 5,073,587</u>	<u>\$ 5,229,823</u>
Rural Electric Customers	19,068	18,328	17,556	16,881
				16,033

⁽¹⁾ Excludes Depreciation.

City of Bryan, Texas
 Rural Electric Coverage and Fund Balances
 As of September 30, 2015

Table RER-5

Average Annual Principal and Interest Requirement, 2016-2034	\$	531,716
Coverage of Average Requirements by 9-30-2015 Net Available for debt service		11.47 Times
Maximum Principal and Interest Requirements, 2018	\$	780,400
Coverage of Maximum Requirements by 9-30-2015 Net Available for debt service		7.81 Times
Rural Electric System Revenue Bonds, 9-30-2015	\$	7,145,000
Interest and Sinking Fund (September 30, 2015)	\$	247,576
Reserve Fund (September 30, 2015)	\$	311,042

City of Bryan, Texas

Current Investments and Cash Deposits - Rural Electric

As of September 30, 2015

Table RER-6

As of September 30, 2015 the following percentages of BTU's Rural Electric investable funds were invested in the following investment categories.

<u>Type of Investment</u>	<u>Book Value</u>	<u>Percentage</u>
Bank Deposits	\$ 6,167,861	75%
Agency Securities	2,003,860	25%
Totals	<u>\$ 8,171,721</u>	<u>100%</u>



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C49b

City of Bryan Utility Debt

Year Ending 9/30	Outstanding Debt Service		
	Principal	Interest	Total
2016	\$ 3,385,000	\$ 1,805,494	\$ 5,190,494
2017	3,525,000	1,673,746	5,198,746
2018	3,755,000	1,532,006	5,287,006
2019	3,995,000	1,386,711	5,381,711
2020	4,240,000	1,260,854	5,500,854
2021	4,420,000	1,111,791	5,531,791
2022	4,595,000	950,666	5,545,666
2023	2,420,000	777,704	3,197,704
2024	2,370,000	706,491	3,076,491
2025	2,525,000	633,273	3,158,273
2026	2,590,000	545,135	3,135,135
2027	2,660,000	452,929	3,112,929
2028	2,660,000	356,391	3,016,391
2029	2,735,000	256,241	2,991,241
2030	2,185,000	151,079	2,336,079
2031	740,000	66,063	806,063
2032	770,000	33,688	803,688
	<u>\$ 49,570,000</u>	<u>\$ 13,700,262</u>	<u>\$ 63,270,262</u>

C49b

City of Bryan Electric Debt

Year Ending 9/30	Outstanding Debt Service		
	Principal	Interest	Total
2016	\$ 11,505,000	\$ 7,623,494	\$ 19,128,494
2017	10,785,000	7,119,494	17,904,494
2018	6,205,000	6,587,894	12,792,894
2019	27,035,000	6,325,906	33,360,906
2020	5,840,000	5,016,781	10,856,781
2021	6,115,000	4,739,144	10,854,144
2022	6,420,000	4,446,119	10,866,119
2023	5,725,000	4,152,413	9,877,413
2024	5,975,000	3,899,644	9,874,644
2025	6,245,000	3,632,306	9,877,306
2026	6,550,000	3,329,456	9,879,456
2027	6,865,000	3,009,863	9,874,863
2028	7,200,000	2,672,825	9,872,825
2029	7,555,000	2,319,325	9,874,325
2030	7,935,000	1,946,131	9,881,131
2031	8,325,000	1,550,781	9,875,781
2032	7,900,000	1,154,144	9,054,144
2033	6,005,000	775,419	6,780,419
2034	3,965,000	492,100	4,457,100
2035	2,440,000	314,325	2,754,325
2036	2,540,000	213,675	2,753,675
2037	2,640,000	108,900	2,748,900
	<u>\$ 161,770,000</u>	<u>\$ 71,430,139</u>	<u>\$ 233,200,139</u>

C49b

City of Bryan Rural Electric Debt

Year Ending 9/30	Outstanding Debt Service		
	Principal	Interest	Total
2016	\$ 485,000	\$ 294,600	\$ 779,600
2017	495,000	280,625	775,625
2018	515,000	265,400	780,400
2019	530,000	247,950	777,950
2020	550,000	230,000	780,000
2021	570,000	208,000	778,000
2022	235,000	184,863	419,863
2023	245,000	174,875	419,875
2024	255,000	164,156	419,156
2025	265,000	153,000	418,000
2026	275,000	141,075	416,075
2027	290,000	128,700	418,700
2028	300,000	115,288	415,288
2029	315,000	101,413	416,413
2030	330,000	86,450	416,450
2031	345,000	70,775	415,775
2032	365,000	54,388	419,388
2033	380,000	37,050	417,050
2034	400,000	19,000	419,000
	<u>\$ 7,145,000</u>	<u>\$ 2,957,608</u>	<u>\$ 10,102,608</u>

C49c

<u>Purpose</u>	<u>Date</u> <u>Authorized</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount</u> <u>Previously</u> <u>Issued</u>	<u>Unissued</u> <u>Balance</u>
Street	1/24/1984	\$ 14,525,000	\$ 6,300,000	\$ 8,225,000
Park	1/24/1984	7,100,000	5,325,000	1,775,000
Railroad	1/24/1984	3,200,000	350,000	2,850,000
Landfill	1/24/1984	1,000,000	800,000	200,000
		<u>\$ 25,825,000</u>	<u>\$ 12,775,000</u>	<u>\$ 13,050,000</u>

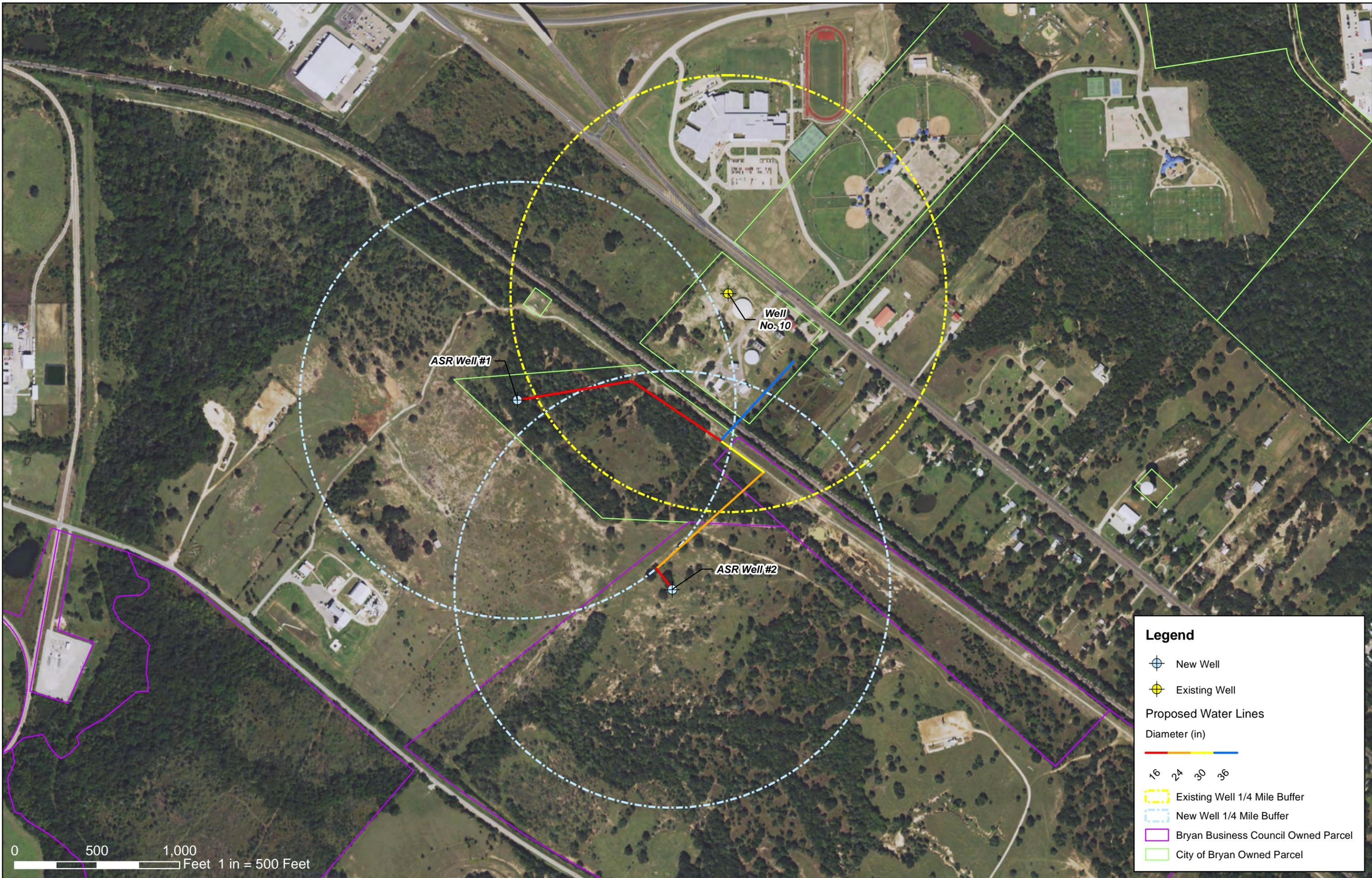
**ATTACHMENTS –
PART D**

PART D-54: DESCRIPTION OF PROJECT

The City of Bryan currently has 12 water supply wells in the Simsboro and Sparta Aquifers with a combined permitted supply of 33,540 acft/yr. Eleven of these wells are permitted under historical use with an annual permitted production amount of 28,702 acft/yr. The City provides retail service to their CCN service area; Wellborn Special Utility District (SUD) and Wickson Creek SUD also have wholesale agreements in place with the City to purchase or sell potable water during times of high demand or in emergency situations.

According to CDM Smith, the total current annual water supply meets the City's annual supply needs until 2056; however, pumping capacity from these wells prevents them from meeting the maximum day demands beyond 2040. An ASR conjunctive use strategy was developed that includes ASR and new production wells. A spreadsheet model was developed that simulates the storage and use of ASR water to determine when ASR wells and additional production wells are needed in order to meet demands until 2070.

This alternative was preferred for meeting water supply shortages due to availability and cost of water considerations. The proposed project is ready to proceed and involves constructing one ASR well and one recovery well during the first phase. In addition to the wells required for this strategy, two-way pipelines between the ASR well field and the Well Field Pump Station, an ASR pump station at Well Field Pump Station, and an interconnect into the storage tanks are needed. To meet the predicted ASR use needs, the City of Bryan would need to begin storing ASR water using Well No. 10 and initiate piloting of this well as soon as possible. The target aquifer for storing the water is the brackish water zone of the Simsboro unit of the Wilcox Group.



ASR Well #1

Well No. 10

ASR Well #2

Legend

-  New Well
-  Existing Well

Proposed Water Lines
Diameter (in)

-  18
-  24
-  30
-  36

-  Existing Well 1/4 Mile Buffer
-  New Well 1/4 Mile Buffer
-  Bryan Business Council Owned Parcel
-  City of Bryan Owned Parcel

0 500 1,000 Feet 1 in = 500 Feet

PART D-57: CITY OF BRYAN SERVICE AREA – CENSUS TRACTS

Using the American Fact Finder tool on the U.S. Census Bureau website, the following census tracts have been identified within the City of Bryan's service area in Brazos County (reference attached map):

1.01

1.02

1.03

2.01

2.02

3

5

6.03

6.04

7

8

9

10

11

13.01

20.02

20.10

20.11

20.13

19



Your Selections

Search using...

Search: census tracts
Census Tract
All Census Tracts within Brazos County, Texas
County
Brazos County, Texas

[clear all selections and start a new search](#)

[load search](#) | [save search](#)

Search using the options below:

Topics
(age, income, year, dataset, ...)

Geographies
(states, counties, places, ...)

Race and Ethnic Groups
(race, ancestry, tribe)

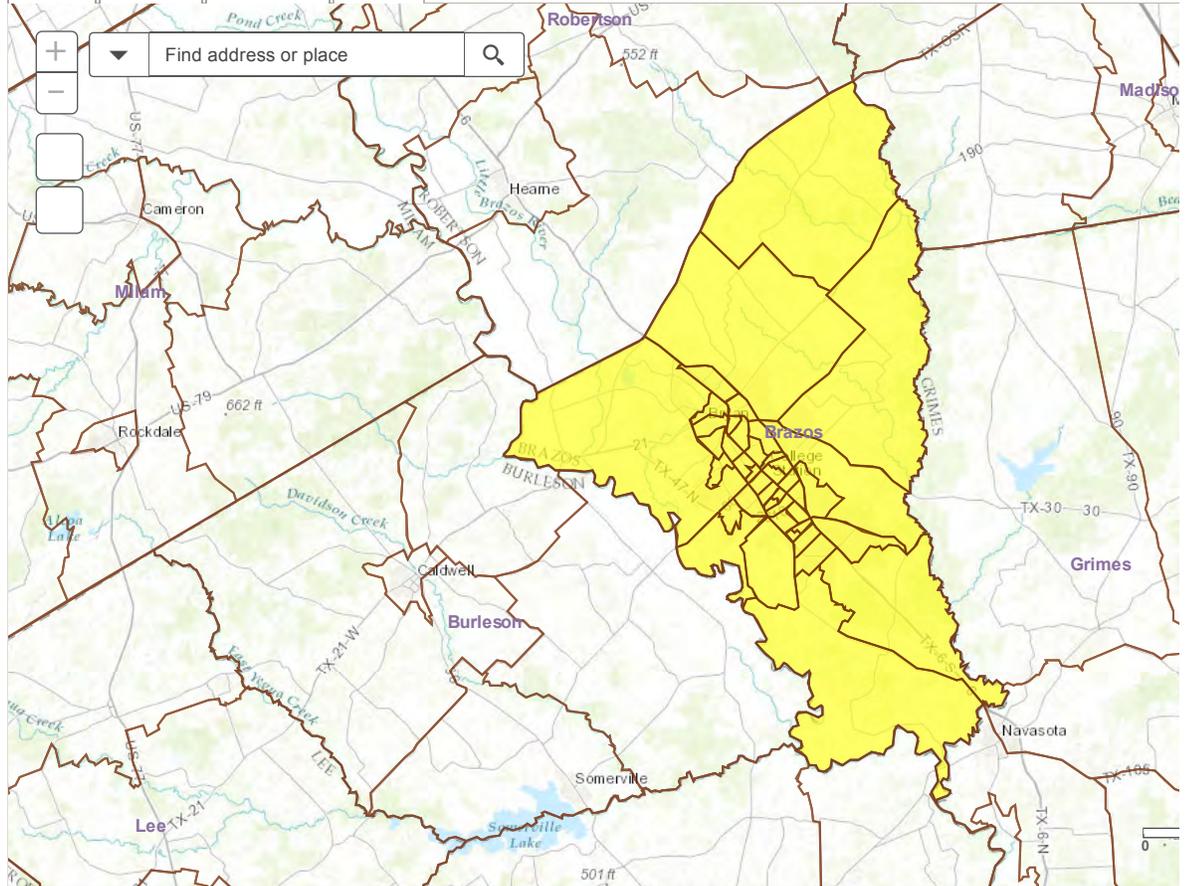
Industry Codes
(NAICS industry, ...)

EEO Occupation Codes
(executives, analysts, ...)

Search Results: 1-17 of 17 tables and other products match 'Your Selections' on the left (topics, geographies, ...) to narrow your search results

Select Geographies

List Name Address Map



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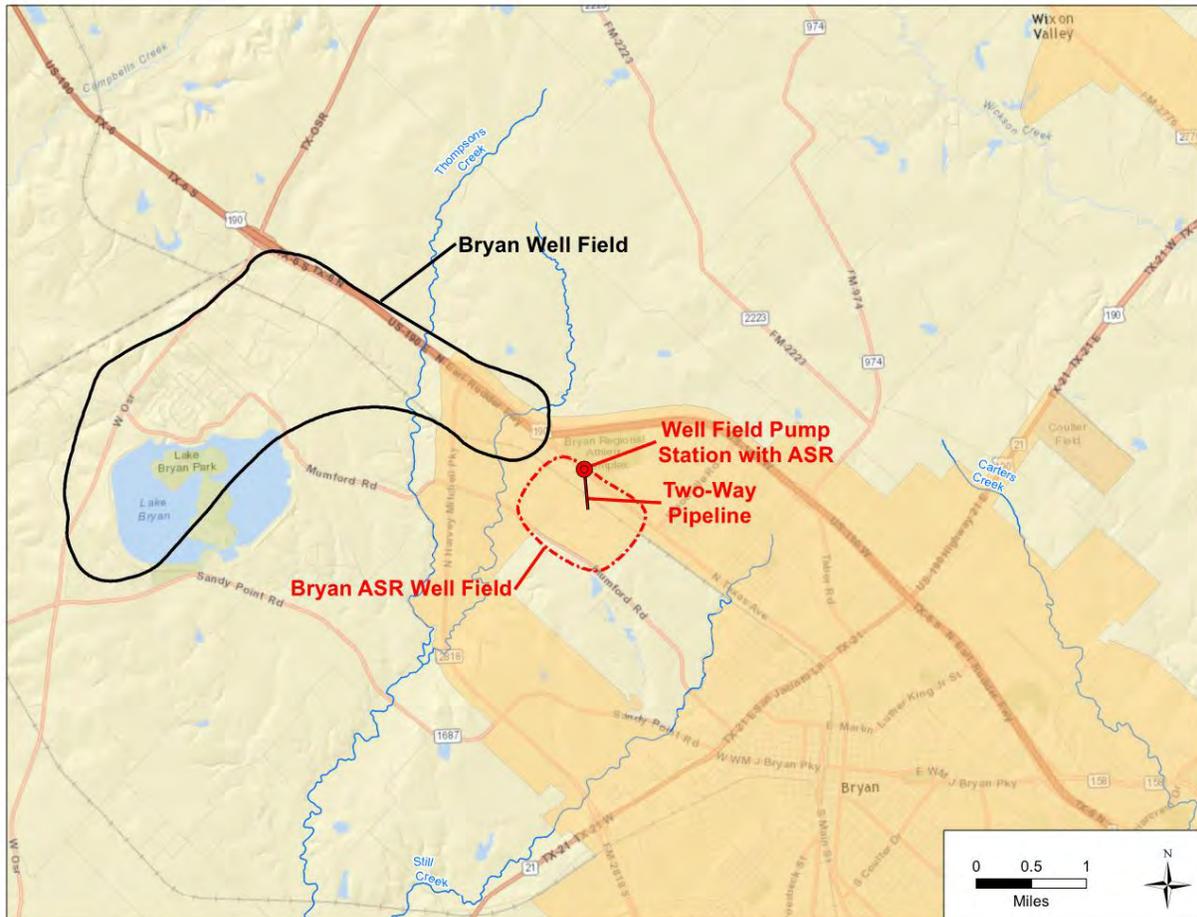
**City of Bryan -- SWIFT Application
Population Projections***

Entity	2010 Population	2015 Population	2018 Population	2020 Population	2030 Population	2040 Population
City of Bryan	76201	82318	85376	88434	93544	119410
Wickson Creek SUD ⁺	8004	8878	9315	9752	11724	13767
-- Town of Kurten						
-- City of Bedia						
Wellborn SUD ⁺	8106	8708	9009	9309	10667	12073
-- City of Navasota						
-- Town of Millican						
-- City of Hearne						
TOTAL	92311	99904	103700	107495	115935	145250

* Population data based on 2016 TWDB Region G Water Plan

locations of the well fields is shown in Figure 10.1-1. For the purposes of this strategy, the target aquifer for storing the water is the brackish water zone of the Simsboro unit of the Wilcox Group.

Figure 10.1-1. Bryan’s Existing Well Field and Proposed ASR Well Field



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Table 10.1-1. Bryan’s Water Supply and Demand

Year	Total Supply	Total Demand	Balance
2020	16,792	19,634	-2,841
2030	19,294	18,990	304
2040	20,167	24,084	-3,917
2050	20,167	30,345	-10,178
2060	20,167	37,058	-16,891
2070	20,167	44,602	-24,435

Units are in acft/yr

PROJECT BUDGET - City of Bryan						
Uses	TWDB Funds Series 1	TWDB Funds Series 2	TWDB Funds Series 3	Total TWDB Cost	Other Funds	Total Cost
Construction						
Construction	\$0	\$12,100,000	\$0	\$12,100,000	\$0	\$12,100,000
Subtotal Construction	\$0	\$12,100,000	\$0	\$12,100,000	\$0	\$12,100,000
Basic Engineering Fees						
Planning +	\$120,000	\$0	\$0	\$120,000	\$0	\$120,000
Design (Final)	\$785,000	\$0	\$0	\$785,000	\$0	\$785,000
Construction Engineering	\$580,000	\$100,000	\$0	\$680,000	\$0	\$680,000
Basic Engineering Other - Preliminary Engineering	\$400,000	\$0	\$0	\$400,000	\$0	\$400,000
Subtotal Basic Engineering Fees	\$1,885,000	\$100,000	\$0	\$1,985,000	\$0	\$1,985,000
Special Services						
Application	\$0	\$0	\$0	\$0	\$0	\$0
Environmental	\$35,000	\$0	\$0	\$35,000	\$0	\$35,000
Water Conservation Plan	\$0	\$0	\$0	\$0	\$0	\$0
I/I Studies/Sewer	\$0	\$0	\$0	\$0	\$0	\$0
Surveying	\$10,000	\$0	\$0	\$10,000	\$0	\$10,000
Geotechnical	\$0	\$0	\$0	\$0	\$0	\$0
Testing	\$15,000	\$0	\$0	\$15,000	\$0	\$15,000
Permits	\$15,000	\$0	\$0	\$15,000	\$0	\$15,000
Inspection	\$0	\$0	\$0	\$0	\$0	\$0
O&M Manual	\$0	\$0	\$0	\$0	\$0	\$0
Project Management (by engineer)	\$0	\$0	\$0	\$0	\$0	\$0
Pilot Testing	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Water Distribution	\$0	\$0	\$0	\$0	\$0	\$0
Special Services Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Special Services	\$175,000	\$0	\$0	\$175,000	\$0	\$175,000
Other						
Administration	\$0	\$0	\$0	\$0	\$0	\$0
Land/Easements	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Water Rights Purchase (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Buy-In (If Applicable)	\$0	\$0	\$0	\$0	\$0	\$0
Project Legal Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Other **	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Other Services	\$100,000	\$0	\$0	\$100,000	\$0	\$100,000
Fiscal Services						
Financial Advisor	\$24,000	\$38,000	\$0	\$62,000	\$0	\$62,000
Bond Counsel	\$12,500	\$16,000	\$0	\$28,500	\$0	\$28,500
Issuance Cost	\$6,000	\$12,000	\$0	\$18,000	\$0	\$18,000
Bond Insurance/Surety	\$1,000	\$1,000	\$0	\$2,000	\$0	\$2,000
Fiscal/Legal	\$0	\$0	\$0	\$0	\$0	\$0
Capitalized Interest	\$0	\$0	\$0	\$0	\$0	\$0
Bond Reserve Fund	\$128,935	\$844,682	\$0	\$973,617	\$0	\$973,617
Loan Origination Fee	\$0	\$0	\$0	\$0	\$0	\$0
Other ** (Miscellaneous Fees & Rounding)	\$12,565	\$8,318	\$0	\$20,883	\$0	\$20,883
Subtotal Fiscal Services	\$185,000	\$920,000	\$0	\$1,105,000	\$0	\$1,105,000
Contingency						
Contingency	\$0	\$2,535,000	\$0	\$2,535,000	\$0	\$2,535,000
Subtotal Contingency	\$0	\$2,535,000	\$0	\$2,535,000	\$0	\$2,535,000
TOTAL COSTS	\$2,345,000	\$15,655,000	\$0	\$18,000,000	\$0	\$18,000,000

Other ** description must be entered

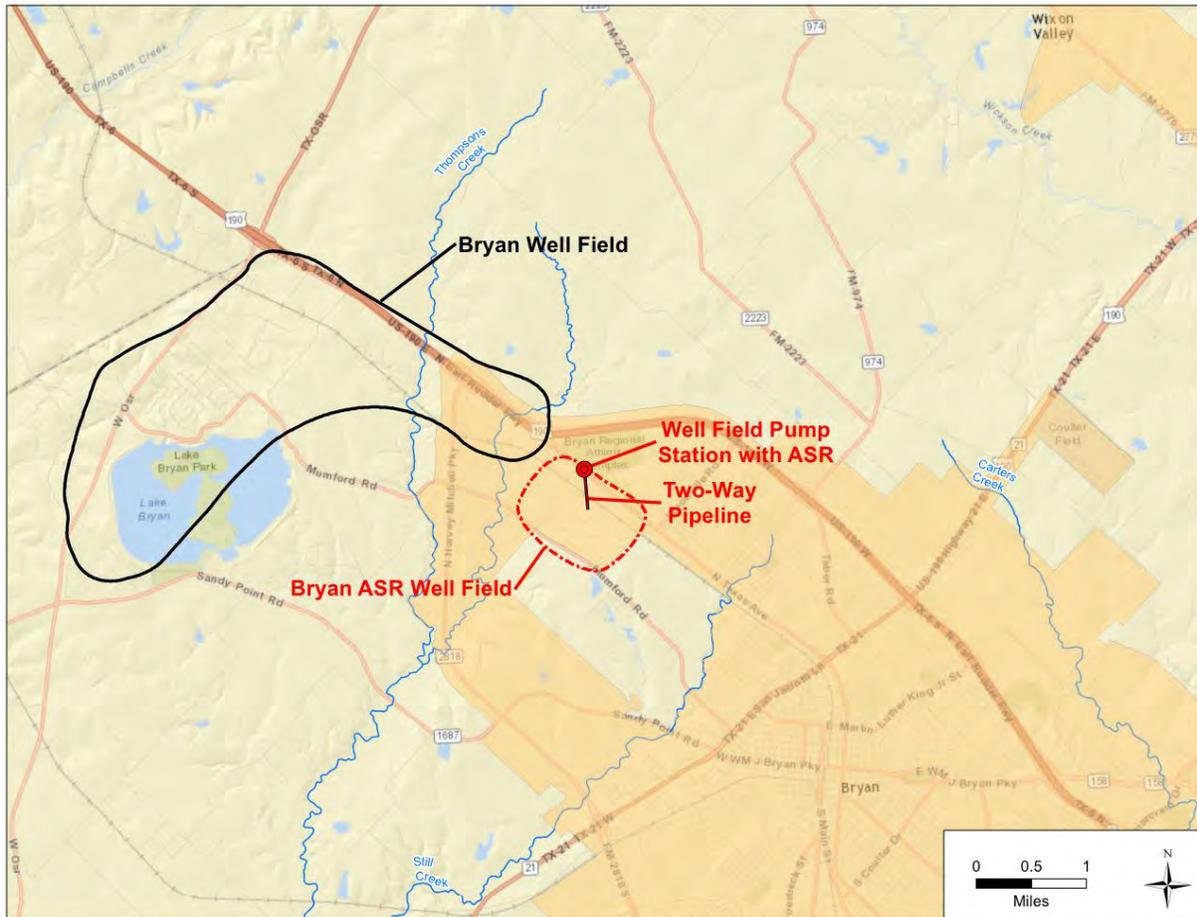
+ For Planning applications under the EDAP Program, please break down Planning costs as follows:

Category A			0
Category B			0
Category C			0
Category D			0
Total Planning Costs		0	0

Texas Water Development Board Water Project Information							
A. Project Name City of Bryan		B. Project No. 11835		C. County Brazos County		D. Regional Planning Group (A-P) G	
E. Program(s) SWIFT Program		F. Loan <input checked="" type="checkbox"/> / Grant <input type="checkbox"/> Amount: \$18,000,000.00		G. Loan Term: 25 years			
H. Water Project Description: (Multiphase project, new or expansion; plant, well, storage, pump station, distribution system, etc)							
<p>The first phase of this project would involve constructing one ASR well and one recovery well. In add</p> <p style="text-align: right;">+</p> <p style="text-align: center;">Attach map of service area affected by Project or other documentation.</p>							
I. Is an Inter Basin Transfer potentially involved? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>				J. Is project located in a Groundwater District (If yes, identify District by name)? Yes <input checked="" type="checkbox"/> Brazos Valley Groundwater Conservation District No <input type="checkbox"/>			
K. Projected Population from application for at least a 20 year period. Attach justification and list service area populations if different from Planning Area.	Year	Reference Year	2010	2020	2030	2040	
	Population Projection		92,311	107,495	115,935	145,250	
Project Design Year	2018		Design Population	103,700			
L. Is the proposed project included in a current Regional Water Plan? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Don't Know <input type="checkbox"/> (If Yes, please specify on what page in the Regional Water Plan - Regional Water Plan Page Number: Pg. 10.1-1)							
M. What type of water source is associated directly with the proposed project ? Surface Water <input type="checkbox"/> Groundwater <input checked="" type="checkbox"/> Reuse <input type="checkbox"/>							
N. Will the project increase the volume of water supply? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>							
O. What volume of water is the project anticipated to deliver/ treat per year? <u>11,900</u> Acre-Feet/Year							
P. Current Water Supply Information							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer Carrizo-Wilcox Aquifer		Well Field location *see attached map		Source County Brazos		Annual Volume and Unit 33,540 ac-ft/year	
Q. Proposed Water Supply Associated Directly with the Proposed Project							
Surface Water Supply Source / Provider Names		Certificate No.		Source County		Annual Volume and Unit	
Groundwater Source Aquifer Carrizo-Wilcox Aquifer		Well Field location: *see attached map		Source County Brazos		Annual Volume and Unit 11,900 ac-ft/year	
R. Consulting Engineer Name Allen Woelke, P.E.			Telephone No. 512-346-1100		E-mail address woelkead@cdmsmith.com		
S. Applicant Contact Name, Title Jayson Barfknecht, PW Director			Telephone No. 979-209-5929		E-mail address jbarfknecht@bryantx.gov		

locations of the well fields is shown in Figure 10.1-1. For the purposes of this strategy, the target aquifer for storing the water is the brackish water zone of the Simsboro unit of the Wilcox Group.

Figure 10.1-1. Bryan’s Existing Well Field and Proposed ASR Well Field



Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, i-cubed, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Table 10.1-1. Bryan’s Water Supply and Demand

Year	Total Supply	Total Demand	Balance
2020	16,792	19,634	-2,841
2030	19,294	18,990	304
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2050	20,167	30,345	-10,178
2060	20,167	37,058	-16,891
2070	20,167	44,602	-24,435

Units are in acft/yr

**ATTACHMENTS –
PART E**

ORDINANCE NO. _____

BOND ORDINANCE

\$3,500,000
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BONDS
NEW SERIES 20__

ADOPTED: _____, 2016

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ORDINANCE NO. _____

**AN ORDINANCE AUTHORIZING AND ORDERING THE ISSUANCE OF
“CITY OF BRYAN, TEXAS, WATERWORKS AND SEWER SYSTEM
REVENUE BONDS, NEW SERIES 20__”; AND ENACTING OTHER
PROVISIONS INCIDENT AND RELATED THERETO**

WHEREAS, the City of Bryan, Texas (the “City” or the “Issuer”) is a “home-rule municipality” operating under a home-rule charter adopted pursuant to Section 5 of Article XI of the Texas Constitution; and

WHEREAS, the City has heretofore issued the Previously Issued Parity Bonds (as hereinafter defined); and

WHEREAS, the Previously Issued Parity Bonds are payable from a first lien on and pledge of the net revenues of the City’s combined waterworks and sewer systems (the “Waterworks and Sewer System”); and

WHEREAS, in the ordinances authorizing the issuance of the Previously Issued Parity Bonds, the City reserved the right to issue revenue bonds on a parity with the Previously Issued Parity Bonds; and

WHEREAS, the City has determined to issue the bonds hereinafter authorized (the “Bonds”) secured by a first lien on and pledge of the “Net Revenues” (hereinafter defined) of the Waterworks and Sewer System on a parity with the Previously Issued Parity Bonds; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including specifically Chapter 1502, Texas Government Code, as amended.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF BRYAN, TEXAS, THAT:

**ARTICLE I
DEFINITIONS, FINDINGS AND INTERPRETATION**

Section 1.01: Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have meanings specified below:

“Account” means any account created within a Fund established pursuant to the terms of this Ordinance or an ordinance authorizing the issuance of Parity Obligations.

“Additional Bonds” means the additional bonds the City reserves the right to issue in accordance with Section 10.01 hereof.

“Annual Debt Service Requirements” means, for any Fiscal Year, the principal of and interest on all Parity Bonds coming due at Maturity or Stated Maturity (or that could come due on demand of the owner thereof other than by acceleration or other demand conditioned upon

default by the City on such Debt, or be payable in respect of any required purchase of such Debt by the City) in such Fiscal Year, and, for such purposes, any one or more of the following rules shall apply at the election of the City:

(1) Committed Take Out. If the City has entered into a Credit Agreement constituting a binding commitment within normal commercial practice to discharge any of its Funded Debt at its Stated Maturity (or, if due on demand, at any date on which demand may be made) or to purchase any of its Funded Debt at any date on which such Debt is subject to required purchase, all under arrangements whereby the City's obligation to repay the amounts advanced for such discharge or purchase constitutes Funded Debt, then the portion of the Funded Debt committed to be discharged or purchased shall be excluded from such calculation and the principal of and interest on the Funded Debt incurred for such discharging or purchase that would be due in the Fiscal Year for which the calculation is being made, if incurred at the Stated Maturity or purchase date of the Funded Debt to be discharged or purchased, shall be added;

(2) Balloon Debt. If the principal (including the accretion of interest resulting from original issue discount or compounding of interest) of any series or issue of Funded Debt due (or payable in respect of any required purchase of such Funded Debt by the City) in any Fiscal Year either is equal to at least 25% of the total principal (including the accretion of interest resulting from original issue discount or compounding of interest) of such Funded Debt or exceeds by more than 50% the greatest amount of principal of such series or issue of Funded Debt due in any preceding or succeeding Fiscal Year (such principal due in such Fiscal Year for such series or issue of Funded Debt being referred to herein as "Balloon Debt), the amount of principal of such Balloon Debt taken into account during any Fiscal Year shall be equal to the debt service calculated using the original principal amount of such Balloon Debt amortized over the Term of Issue on a level debt service basis at an assumed interest rate equal to the rate borne by such Balloon Debt on the date of calculation;

(3) Consent Sinking Fund. In the case of Balloon Debt (as defined in clause (2) above), if a Designated Financial Officer shall deliver to the City an Officer's Certificate providing for the retirement of (and the instrument creating such Balloon Debt shall permit the retirement of), or for the accumulation of a sinking fund for (and the instrument creating such Balloon Debt shall permit the accumulation of a sinking fund for), such Balloon Debt according to a fixed schedule stated in such Officer's Certificate ending on or before the Fiscal Year in which such principal (and premium, if any) is due, then the principal of (and, in the case of retirement, or to the extent provided for by the sinking fund accumulation, the premium, if any, and interest and other debt service charges on) such Balloon Debt shall be computed as if the same were due in accordance with such schedule, provided that this clause (3) shall apply only to Balloon Debt for which the installments previously scheduled have been paid or deposited to the sinking fund established with respect to such Debt on or before the times required by such schedule; and provided further that this clause (3) shall not apply where the City has elected to apply the rule set forth in clause (2) above;

(4) Prepaid Debt. Principal of and interest on Parity Bonds, or portions thereof, shall not be included in the computation of the Annual Debt Service Requirements for any Fiscal Year for which such principal or interest are payable from funds on deposit or set aside in trust for the payment thereof at the time of such calculations (including without limitation capitalized interest and accrued interest so deposited or set aside in trust) with a financial institution acting as fiduciary with respect to the payment of such Debt;

(5) Variable Rate.

(A) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the average for the then immediately preceding five (5) years of the SIFMA Index, plus twenty (20) basis points; provided, however, that (i) if, after the issuance of the Variable Rate Obligations then proposed to be issued, more than 20% of the aggregate of the Parity Obligations Outstanding will bear interest at a variable rate and (ii) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on Variable Rate Obligations then proposed to be issued shall be deemed to be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then borne by any Variable Rate Obligations then Outstanding, and (z) 1.25 times the average variable rate borne by any Variable Rate Obligations then Outstanding during the then immediately preceding twelve-month period, or if no Variable Rate Obligations are then Outstanding, 1.25 times the average variable rate for similarly rated obligations with comparable maturities during the then immediately preceding twelve-month period, and

(B) Except as hereinafter provided in this subparagraph, the rate of interest on Variable Rate Obligations outstanding at the time of such calculation shall be deemed to be the lesser of (i) the then current per annum rate of interest borne by such Variable Rate Obligations or (ii) the average per annum rate of interest borne by such Variable Rate Obligations during the then immediately preceding twelve-month period; provided, however, that for any period during which (a) more than 20% of the aggregate of the Parity Obligations then Outstanding bear interest at a variable rate and (b) any Parity Obligation is then insured by a Bond Insurer, the rate of interest on such Variable Rate Obligations shall be the greater of (x) the most recently announced 30-year Revenue Bond Index published by The Bond Buyer, a financial journal published, as of the date the Ordinance was adopted, in The City of New York, New York, (y) the rate of interest then in effect with respect to such Variable Rate Obligations in accordance with their terms, and (z) 1.25 times the average variable rate borne by such Variable Rate Obligations during the then immediately preceding twelve-month period;

(6) Guarantee. In the case of any guarantee, as described in clause (2) of the definition of Debt, no obligation will be counted if the City does not anticipate in its

annual budget that it will make any payments on the guarantee. If however, the City is making payments on a guarantee or anticipates doing so in its annual budget, such obligation shall be treated as Parity Bonds and calculations of annual debt service requirements with respect to such guarantee shall be made assuming that the City will make all additional payments due under the guaranteed obligation. If the entity whose obligation is guaranteed cures all defaults and the City no longer anticipates making payments under the guarantee, the guaranteed obligations shall not be included in the calculation of Annual Debt Service Requirements;

(7) Commercial Paper. With respect to any Parity Obligations issued in the form of commercial paper with maturities not exceeding 270 days, the interest on such Parity Obligations shall be calculated in the manner provided in clause (5) of this definition and the maturity schedule shall be calculated in the manner provided in clause (2) of this definition; and

(8) Credit Agreement Payments. If the City has entered into a Credit Agreement in connection with an issue of Debt, payments due under the Credit Agreement (other than payments made by the City in connection with the termination or unwinding of a Credit Agreement), from either the City or the Credit Provider, shall be included in such calculation except to the extent that the payments are already taken into account under (1) through (7) above and any payments otherwise included above under (1) through (7) which are to be replaced by payments under a Credit Agreement, from either the City or the Credit Provider, shall be excluded from such calculation.

With respect to any calculation of historic data, only those payments actually made in the subject period shall be taken into account in making such calculation and, with respect to prospective calculations, only those payments reasonably expected to be made in the subject period shall be taken into account in making the calculation.

“Authentication Certificate” shall have the same meaning given said term in Section 3.03(d) hereof.

“Authorized Denomination” shall have the same meaning given said term in Section 3.02(a) hereof.

“Authorized Investments” means any and all of the authorized investments described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, provided that such investments are, at the time made, included in and authorized by the City’s official investment policy approved from time to time by the City Council.

“Bondholder” or “Holder” or “Owner” or “Registered Owner” means the person who is the registered owner of a Bond or Bonds.

“Bond Insurer” means any insurance company insuring payment of municipal bonds and other similar obligations if such bond or obligations so insured by it are eligible for a rating by a Rating Agency, at the time of the delivery of a municipal bond insurance policy, in one of its two highest rating categories.

“Bonds” means the waterworks and sewer system revenue bonds authorized to be issued by Section 3.01 of this Ordinance, which Bonds constitute the ninth series of Parity Obligations.

“Business Day” shall mean a day other than a Saturday, Sunday, a legal holiday, or a day on which banking institutions are authorized by law or executive order to close in the City or the city where the Designated Trust Office of the Paying Agent/Registrar is located.

“City” means the City of Bryan, Texas.

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

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

“Credit Agreement” means, collectively, a loan agreement, revolving credit agreement, agreement establishing a line of credit, letter of credit, reimbursement agreement, insurance contract, commitments to purchase Parity Bonds, purchase or sale agreements, interest rate swap agreements, currency exchange agreements, interest rate floor or cap agreements, or commitments or other contracts or agreements authorized, recognized and approved by the City as a Credit Agreement in connection with the authorization, issuance, security, or payment of Parity Bonds and on a parity therewith.

“Credit Facility” means (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency having an outstanding rating on Parity Bonds would rate the Parity Bonds fully insured by a standard policy issued by the issuer in its two highest generic rating categories for such obligations; and (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency having an outstanding rating on the Parity Bonds would rate the parity obligations in its two highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Parity Bonds and the interest thereon; and, in any case, no lower than the rating assigned by a Rating Agency to the Parity Bonds.

“Credit Provider” means any bank, financial institution, insurance company, surety bond provider, or other entity which provides, executes, issues, or otherwise is a party to or provider of a Credit Agreement.

“Dated Date” means _____, 20__.

“Debt” means all:

(1) indebtedness incurred or assumed by the City for borrowed money (including indebtedness arising under Credit Agreements) and all other financing obligations of the City that, in accordance with generally accepted accounting principles, are shown on the liability side of a balance sheet;

(2) all other indebtedness (other than indebtedness otherwise treated as Debt hereunder) for borrowed money or for the acquisition, construction, or improvement of

property or capitalized lease obligations that is guaranteed, directly or indirectly, in any manner by the City, or that is in effect guaranteed, directly or indirectly, by the City through an agreement, contingent or otherwise, to purchase any such indebtedness or to advance or supply funds for the payment or purchase of any such indebtedness or to purchase property or services primarily for the purpose of enabling the debtor or seller to make payment of such indebtedness, or to assure the owner of the indebtedness against loss, or to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether or not such property is delivered or such services are rendered), or otherwise; and

(3) all indebtedness secured by any mortgage, lien, charge, encumbrance, pledge or other security interest upon property owned by the City whether or not the City has assumed or become liable for the payment thereof.

For the purpose of determining the “Debt” of the City, there shall be excluded any particular Debt if, upon or prior to the Maturity thereof, there shall have been deposited with the proper depository (a) in trust the necessary funds (or investments that will provide sufficient funds, if permitted by the instrument creating such Debt) for the payment, redemption, or satisfaction of such Debt or (b) evidence of such Debt deposited for cancellation; and thereafter it shall not be considered Debt. No item shall be considered Debt unless such item constitutes indebtedness under generally accepted accounting principles applied on a basis consistent with the financial statements prepared by or for the benefit of the City in prior Fiscal Years.

“Debt Service Fund” means the interest and sinking fund described in Section 8.02 of this Ordinance.

“Defeasance Securities” means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Designated Financial Officer” shall mean each of the City Manager and the Chief Financial Officer of the City.

“Designated Trust Office” shall mean the corporate trust office of the Paying Agent/Registrar in _____, Texas.

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

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

“Fiscal Year” means the twelve month period ending September 30 of each year, unless otherwise designated by the City.

“Fund” means any fund established pursuant to the terms of this Ordinance or an ordinance authorizing the issuance of Parity Obligations.

“Funded Debt” means all Parity Bonds that mature by their terms (in the absence of the exercise of any earlier right of demand), or are renewable at the option of the City to a date, more than one year after the original creation, assumption, or guarantee of such Debt by the City.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being _____ and _____ of each year, commencing _____, 20__.

“Issuance Date” means the date of delivery of the Bonds to the TWDB in consideration of receipt of payment therefor.

“Maturity” when used with respect to any Debt means the date on which the principal of such Debt or any installment thereof becomes due and payable as therein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption, or otherwise.

“Maturity Date” means the date specified in Section 3.02 hereof on which the principal of the Bonds is due and payable.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Earnings” means all income, receipts and revenues derived from the operation of the Waterworks and Sewer System, including interest earned on invested moneys in the special Funds created herein for the payment and security of obligations payable from the Net Revenues, after deduction of maintenance and operating expenses (but not deducting depreciation) and other expenditures which, under standard accounting practice, should be classified as capital expenditures. Revenues and receipts resulting solely from the ownership of the Waterworks and Sewer System (grants, meter deposits and gifts) and interest earned on Bond proceeds shall not be treated or included as income, revenues or receipts from the operation of the Waterworks and Sewer System for purposes of determining “Net Earnings”.

“Net Revenues” means all income, revenues and receipts of every nature derived from and received by virtue of the operation of the Waterworks and Sewer System including interest income and earnings received from the investment of moneys in the special Funds created by this Ordinance or ordinances authorizing Parity Obligations, after deducting and paying, and making provisions for the payment of, current expenses of maintenance and operation thereof, including all salaries, materials, repairs and extensions necessary to render efficient service; provided, however, only such expenses for repairs and extensions as in the judgment of the City Council reasonably and fairly exercised, are necessary to keep the Waterworks and Sewer System in

operation and to render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair any obligations payable from Net Revenues of the Waterworks and Sewer System, shall be deducted in determining “Net Revenues”. Contractual payments for the purchase of water or the treatment of sewage shall be a maintenance and operating expense of the Waterworks and Sewer System to the extent provided in the contract incurred therefor and as may be authorized by law. Depreciation shall never be considered as an expense of operation and maintenance.

“Non-Recourse Debt” means any Debt secured by a lien (other than a lien on Net Revenues), liability for which is effectively limited to the property subject to such lien with no recourse, directly or indirectly, to any other property of the City attributable to the Waterworks and Sewer System; provided, however, that such Debt is being incurred in connection with the acquisition of property only, which property is not, at the time of such occurrence, owned by the City and being used in the operations of the City.

“Officer’s Certificate” means a certificate executed by a Designated Financial Officer.

“Ordinance” means this Ordinance, under which the Bonds are authorized.

“Parity Bonds” means the Previously Issued Parity Bonds and the bonds authorized to be issued under the terms of this Ordinance secured by a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System.

“Parity Obligations” means all Parity Bonds, as well as any other obligations issued or incurred by the City that are determined and declared by the City Council of the City to be on a parity with the Parity Bonds, including obligations of the City issued or incurred under the terms of a Credit Agreement.

“Paying Agent Agreement” means the Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar.

“Paying Agent/Registrar” shall have the same meaning given said term in Section 3.03(a) hereof.

“Person” means any natural person, firm, partnership, association, corporation, or public body.

“Previously Issued Parity Bonds” means, collectively, the following obligations: (i) City of Bryan, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, New Series 2001, (ii) City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2004, (iii) City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2005, (iv) City of Bryan, Texas Waterworks and Sewer System Revenue Refunding and Improvement Bonds, New Series 2007, (v) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2009A, (vi) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2009B, (vii) City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 2010A, and (viii) City of Bryan, Texas Waterworks and Sewer Revenue Bonds, New Series 2011.

“Rating Agency” means Moody’s Investors Service and Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and their respective successors.

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

“Registration Books” means the bond registration books specified in Section 3.03(a) of this Ordinance.

“Required Reserve Amount” means an amount equal to the lesser of (a) 1.25 times the average Annual Debt Service Requirements of the Parity Bonds then Outstanding, or (b) 1.00 times the Annual Debt Service Requirements of the Parity Bonds to be Outstanding in the Fiscal Year during which such Annual Debt Service Requirements are scheduled to be the greatest; provided, however, that the Required Reserve Amount shall not exceed ten percent (10%) of the aggregate proceeds (within the meaning of Section 148(d)(2) of the Code) of the Parity Bonds.

“Reserve Fund” means the reserve fund defined in Section 8.03 of this Ordinance.

“Reserve Fund Obligations” means cash, Authorized Investments, and any Credit Facility (one or more), or any combination of any of the foregoing.

“Revenue Fund” means the revenue fund described in Section 8.01 of this Ordinance.

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

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

“SIFMA Index” means the “high grade” seven-day index (formerly known as “The Bond Market Association/PSA Municipal Swap Index” or “BMA Index”) made available by The Securities Industry and Financial Markets Association (formerly, The Bond Market Association of New York, New York), or any successor thereto, based upon 30-day yield evaluation at par of bonds, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes. In the event that neither The Securities Industry and Financial Markets Association nor any successor thereto makes available an index conforming to the requirements of the preceding sentence, the term “SIFMA Index” shall mean an index determined by the City based upon the rate for bonds rated in the highest short-term rating category by Moody’s and Standard & Poor’s, the interest income on which is excludable from gross income of the recipients thereof for federal income tax purposes, in respect of issuers most closely resembling the “high grade” component issuers selected by “SIFMA Index”.

“Stated Maturity” when used with respect to any Debt or any installment of interest thereon means any date specified in the instrument evidencing or authorizing such Debt or such installment of interest as a fixed date on which the principal of such Debt or any installment thereof or the fixed date on which such installment of interest is due and payable.

“Subordinated Debt” or “Subordinate Obligations” means any Debt which expressly provides that all payments thereon shall be subordinated to the timely payment of all Parity Bonds then outstanding or subsequently issued.

“Term of Issue” means with respect to any Balloon Debt, a period of time equal to the greater of (i) the period of time commencing on the date of issuance of such Balloon Debt and ending on the final maturity date of such Balloon Debt or (ii) twenty-five (25) years.

“TWDB” shall mean Texas Water Development Board.

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

“Value of Investment Securities” and words of like import shall mean valuation at their market value, excluding accrued interest, in accordance with the City’s official investment policy approved from time to time by the City Council.

“Variable Rate Obligations” means Parity Obligations that bear interest at a rate per annum which is subject to adjustment so that the actual rate of interest is not ascertainable at the time such Parity Obligations are issued; provided, however, that upon the conversion of the rate of interest on a Variable Rate Obligation to a fixed rate of interest (whether or not the interest rate thereon is subject to conversion back to a variable rate of interest), such Parity Obligation shall not be treated as a “Variable Rate Obligation” for so long as such Parity Obligation bears interest at a fixed rate.

“Waterworks and Sewer System” means the waterworks and wastewater system components of the City, including all properties (real, personal or mixed and tangible or intangible) owned, operated, maintained, and vested in, the City for the supply, treatment and distribution of treated water for domestic, commercial, industrial and other uses and the collection and treatment of watered wastes, together with all future additions, extensions, replacements and improvements thereto; provided that, notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term Waterworks and Sewer System shall not include any waterworks or sewer facilities which are declared not to be a part of the Waterworks and Sewer System and which are acquired or constructed by the City with the proceeds from the issuance of “Special Facilities Bonds”, which are hereby defined as being special revenue obligations of the City which are not secured by or payable from the Net Revenues as defined herein, but which are secured by and payable solely from special contract revenues or payments received from any other legal entity in connection with such facilities, and thus constitute Non-Recourse Debt; and such revenues or payments shall not be considered as or constitute gross revenues of the Waterworks and Sewer System, unless and to the extent otherwise provided in the ordinance or ordinances authorizing the issuance of such “Special Facilities Bonds”.

Section 1.02: Findings.

(a) The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

(b) The Bonds are payable from and secured by a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System.

(c) The following conditions precedent to the issuance of the Bonds have been satisfied, to-wit:

(i) The City is not in default as to any covenant, condition or obligation prescribed by the ordinances authorizing the issuance of any Previously Issued Parity Bonds or this Ordinance;

(ii) Each of the special Funds created for the payment and security of the Previously Issued Parity Bonds contains the amount of money then required to be on deposit therein;

(iii) The City has secured (or will secure prior to the delivery of the Bonds) from a Certified Public Accountant a certificate showing that the Net Earnings of the Waterworks and Sewer System for either the completed Fiscal Year next preceding the date of the Bonds or a consecutive twelve-month period out of the last fifteen months next preceding the date of the Bonds is equal to at least 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of all Parity Bonds which will be outstanding after the issuance of the Bonds; and

(iv) Each of the special Funds created for the payment and security of the Parity Bonds contains the amount of money then required to be on deposit therein.

Each of the Bonds authorized shall be deemed and construed to be a "Security", and as such a negotiable instrument, within the meaning of Article 8 of the Texas Uniform Commercial Code.

The provisions of this Ordinance shall constitute a contract between the City and the holder or holders from time to time of the Bonds and no change, variation or alteration of any kind of the provisions of this Ordinance may be made, unless as herein otherwise provided, until all of the Bonds shall have been paid as to both principal and interest.

Section 1.03: Table of Contents, Titles and Headings. The table of contents, titles and heading of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04: Interpretation. Unless the content requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance. The preamble to this Ordinance is hereby incorporated into the body of this Ordinance by reference.

(c) References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as described herein. The calculation of average Annual Debt Service Requirements as may be required by this Ordinance shall be made annually at the beginning of each Fiscal Year and shall be the sum of the Annual Debt Service Requirements due for the current and each subsequent Fiscal Year in which Parity Obligations are outstanding divided by the number of such Fiscal Years, or partial Fiscal Years, if applicable. References in this Ordinance to FORM OF BOND refer to the form attached to this Ordinance as Exhibit A.

ARTICLE II SECURITY FOR THE BONDS

Section 2.01: Security for the Bonds.

The Bonds are and shall be equally and ratably secured by and payable from a first lien on and pledge of the Net Revenues.

Section 2.02: Limited Obligations.

(a) The Bonds are special obligations of the City, payable solely from the Net Revenues, and do not constitute a prohibited indebtedness of the City; and the Bonds shall never be paid out of funds raised or to be raised by taxation.

(b) The City has the lawful power to pledge the revenues supporting the Bonds (and has lawfully exercised said power under the Constitution and laws of the State of Texas), and the Bonds shall be ratably secured in such manner that no Bond shall have preference over any other Bond or Bonds.

(c) The Net Revenues shall not in any manner be pledged to the payment of any debt or obligation of the City or the Waterworks and Sewer System, other than Parity Obligations, except on a subordinate lien basis.

ARTICLE III
AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01: Authorization.

The Bonds, to be designated the “City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 20__”, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 1502, Texas Government Code, as amended, and the Charter of the City. The Bonds shall be issued in the aggregate principal amount of \$3,500,000 for the purpose of (i) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System and (ii) paying the costs of issuing the Bonds.

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

(a) The Bonds shall be dated the Dated Date. The Bonds shall be issued in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof (an “Authorized Denomination”). The Bonds shall be numbered separately from R-1 upward.

(b) The Bonds shall mature on _____ in the years and in the principal amounts and shall bear interest at the rates set forth in the following schedule:

<u>Year</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>	<u>Year</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
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(c) Interest shall accrue and be paid each Bond respectively until its maturity or prior redemption, from the Issuance Date or the most recent interest payment date to which interest has been paid or provided for at the rates set forth above. Such interest shall be payable semiannually until maturity or prior redemption on each Interest Payment Date, computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03: Registration of Bonds - Paying Agent/Registrar.

(a) The selection and appointment of _____, _____, Texas, or its assigns to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Registration Books") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as Exhibit B and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds.

(b) It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each bond to which payments with respect to the Bonds shall be mailed, as herein provided. The Paying Agent/Registrar shall provide to the City, by electronic means or otherwise, within fifteen (15) Business Days of the delivery of the Bonds to the TWDB, and thereafter no less often than once every three (3) months, a true and correct copy of the Registration Books, which copy shall be maintained at the City by the Designated Financial Officer. The Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any entity other than the City. Registration of each Bond may be transferred in the Registration Books only upon presentation and surrender of such bond for transfer of registration and cancellation to the Paying Agent/Registrar at its Designated Trust Office during normal business hours, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of the Bond, or any portion thereof in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have the Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Bond or any portion thereof, a new substitute bond or bonds shall be issued in exchange therefor in the manner herein provided.

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

(d) Each Bond may be exchanged for fully registered bonds in the manner set forth herein. Each Bond issued and delivered pursuant to this Ordinance, to the extent of the unpaid or unredeemed principal amount thereof, may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request

therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unpaid or unredeemed principal amount of any Bond or Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Bond shall be redeemed prior to its scheduled maturity as provided herein, at the request of the registered owner a substitute bond or bonds having the same maturity date, bearing interest at the same rate, in an Authorized Denomination, and in an aggregate principal amount equal to the unpaid or unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. If any Bond or portion thereof is assigned and transferred, each bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the bond for which it is being exchanged. Each substitute bond shall bear a letter and/or number to distinguish it from each other bond. The Paying Agent/Registrar shall exchange or replace Bonds as provided herein, and each fully registered bond delivered in exchange for or replacement of any bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. On each substitute bond issued in exchange for or replacement of any bond or bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate (the "Authentication Certificate"), in the form set forth in the FORM OF BOND. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such bond, manually sign and date the Authentication Certificate, and no such bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed and dated. The Paying Agent/Registrar promptly shall cancel all Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Bond or portion thereof; and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute bonds in the manner prescribed herein, pursuant to Chapter 1206, Texas Government Code. The duty of such exchange or replacement of bonds as described in the preceding sentence is hereby imposed upon the Paying Agent/Registrar, and upon the execution of the Authentication Certificate, the exchanged or replaced Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the opening of business fifteen (15) days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bond after it is selected for redemption, in whole or in part when such redemption is scheduled to occur within thirty (30) calendar

days; provided, however, such limitation shall not be applicable to an exchange by the owner of the uncalled principal balance of a Bond.

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

(f) The City shall pay all of the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers, conversions and exchanges of the Bonds in accordance with an agreement between the City and the Paying Agent/Registrar, but the registered owner of any Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. In addition, the City hereby covenants with the registered owners of the Bonds that it will pay the reasonable standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due.

(g) The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar, to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days written notice to the Paying Agent/Registrar. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified national or state banking institution, which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state Authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar, to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the City and to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying

Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(h) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three (3) years after the retirement of all outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar, nor any other Person shall be liable or responsible to any holders of such Bonds for thither payment of such Unclaimed Payments or on account of any such Bonds.

ARTICLE IV REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01: Limitation on Redemption.

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

Section 4.02: Mandatory Redemption.

The Bonds shall not be subject to mandatory redemption prior to their scheduled maturity.

Section 4.03: Optional Redemption.

The City reserves the right and option to redeem Bonds maturing on and after _____, 20__, in inverse order of maturity, in whole or in part before their respective scheduled maturity dates, on _____, 20__, or on any date thereafter (such redemption date or dates to be fixed by the City), at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. The City, at least forty-five (45) days before the redemption date, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.04: Partial Redemption.

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

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall assign a

separate number for each of \$5,000 portion of Bonds and sell the portion or portions of the Bonds to be redeemed by lot or by any other customary method that results in a random selection.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge notwithstanding any provision herein to the contrary.

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

Section 4.05: Notice of Redemption to Bondholders.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first-class postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each bond (or portion thereof) to be redeemed, at the address shown in the Registration Books.

(b) The notice shall state among other things, the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and if less than all of the Bonds are to be redeemed, an identification of the Bonds or portions thereof to be redeemed and that the Bonds so called for redemption shall cease to bear interest after the redemption date.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Bondholder receives such notice.

(d) With respect to any optional redemption of the Bonds, unless all prerequisites to such redemption required by this Ordinance have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 4.06: Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount the Debt Service

Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Paying Agent/Registrar, on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.07: Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in the payment of the principal thereof or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

ARTICLE V
BOOK ENTRY SYSTEM

Section 5.01: Book-Entry-Only System.

Notwithstanding the provisions contained herein relating to the payment, redemption 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 DTC, in accordance with the requirements and procedures identified in the current DTC Operational Arrangements memorandum, as amended, the Blanket Issuer Letter of Representation, by and between the City and DTC, and the Letter of Representation from the Paying Agent/Registrar to DTC (collectively, the “Depository Agreement”).

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold the Bonds for DTC Participants. While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Registration Books 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 bond 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 Registration Books maintained by the Paying Agent/Registrar and payment of such bonds shall be made in accordance with the provisions of Section 3.03 hereof.

ARTICLE VI FORM OF BONDS

Section 6.01: Form Generally.

(a) The Bonds and Initial Bond, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Authentication Certificate, and the Assignment to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association, referred to herein as “CUSIP numbers”) and such legends and endorsements (including any reproduction of opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

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

Section 6.02: Legal Opinion.

The approving legal opinion of Andrews Kurth LLP, Bond Counsel, may be printed on the back of each Bond over the certification of the City Secretary of the City, which may be executed in facsimile or an executed counterpart thereof shall accompany the definitive Bonds deposited with DTC.

Section 6.03: Bond Insurance.

A statement relating to municipal bond insurance, if applicable, provided by a Bond Insurer may be printed on or attached to each Bond.

ARTICLE VII
RATES AND CHARGES

Section 7.01: Rates and Charges.

The City shall, at all times while any of the Bonds are outstanding and unpaid, maintain rates and collect charges for the facilities and services afforded by the Waterworks and Sewer System, as required by Section 1502.057, Texas Government Code, which will provide revenues sufficient at all times to:

- (a) Pay for all maintenance, operation, debt service, depreciation, replacement and betterment charges of the Waterworks and Sewer System;
- (b) Establish and maintain the Debt Service Fund and the Reserve Fund as provided for in this Ordinance;
- (c) Produce Net Revenues each year in an amount reasonably estimated to be not less than 1.25 times the average Annual Debt Service Requirements of the Parity Bonds from time to time outstanding; and
- (d) Pay all other obligations reasonably anticipated to be payable from the revenues of the Waterworks and Sewer System as and when the same become due.

ARTICLE VIII
FUNDS AND ACCOUNTS AND ADDITIONAL DEPOSITS

Section 8.01: Waterworks and Sewer System Revenue Fund.

The City affirms that there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System Revenue Fund” (hereinafter called the “Revenue Fund”). All revenues of the Waterworks and Sewer System immediately shall be credited to the Revenue Fund upon receipt. The Revenue Fund shall be kept separate and apart from all other funds of the City, and, further shall be pledged and appropriated to the following uses and in the order of precedence shown:

- First: To the payment of all necessary and reasonable maintenance and operation expenses of the Waterworks and Sewer System, as said expenses are defined by law.
- Second: To the “Debt Service Fund” and the “Reserve Fund” for the payment of Parity Obligations, including specifically the payment of principal of and interest on the Parity Bonds, when and as the same fall due and mature.

Third: To pay Subordinated Debt.

Fourth: To any other purpose of the City now or hereafter permitted by law.

Section 8.02: Debt Service Fund.

The City affirms that, for the sole purpose of paying obligations incurred under Parity Obligations, including specifically the payment of the principal of and interest on the Parity Bonds, as the same come due, there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System New Series Revenue Bonds Debt Service Fund” (hereinafter called the “Debt Service Fund”). Monies in the Debt Service Fund are and shall be maintained at an official depository bank of the City.

Promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Debt Service Fund any accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used for the payment of the interest next coming due on the Bonds.

The City shall transfer from the Net Revenues credited to the account of the Revenue Fund and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds on the next succeeding interest payment date; and

(2) such amounts, deposited in approximately equal monthly installments on or before the last Business Day of each month hereafter, commencing with the month during which the Bonds are delivered, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds on the next succeeding principal payment date.

The City reserves the right to establish accounts within the Debt Service Fund for the payment of Parity Obligations that are not Parity Bonds, including specifically obligations incurred under a Credit Agreement that are declared to be a Parity Obligation in the ordinance authorizing the execution of such Credit Agreement.

Section 8.03: Reserve Fund.

The City affirms that there has been created and established on the books of the City a separate fund entitled the “City of Bryan, Texas, Waterworks and Sewer System New Series Revenue Bonds Reserve Fund” (hereinafter called the “Reserve Fund”). The Reserve Fund shall be maintained for the benefit of the owners and holders of the Parity Obligations. There shall be credited to the Reserve Fund any Reserve Fund Obligations so designated by the City. Reserve Fund Obligations in the Reserve Fund shall be used for the purpose of retiring the last of the Parity Obligations as they become due or paying principal of and interest on the Parity

Obligations when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. The Reserve Fund shall be maintained in an amount at least equal to the Required Reserve Amount. The City may, at its option, withdraw and use all surplus in the Reserve Fund over the Required Reserve Amount for any lawful purpose not inconsistent with the City's ownership and operation of the Waterworks and Sewer System; provided, that should such surplus constitute the proceeds of Parity Obligations, such surplus shall be deposited to the Debt Service Fund.

The City may satisfy its covenant to maintain the Reserve Fund in an amount equal to the Required Reserve Amount with a Credit Facility that will provide funds, together with other Reserve Fund Obligations, if any, credited to the Reserve Fund, at least equal to the Required Reserve Amount. The City may, upon passage of an ordinance by the City Council of the City, replace or substitute a Credit Facility for cash or Authorized Investments on deposit in the Reserve Fund or in substitution for or replacement of any existing Credit Facility. Upon such replacement or substitution, cash or Authorized Investments in excess of the Required Reserve Amount may be withdrawn by the City, at its option, and transferred to the Revenue Fund; provided that the face amount of any Credit Facility may be reduced at the option of the City in lieu of such transfer; and provided, further, that if such amount withdrawn was originally funded with the proceeds of Parity Obligations, such funds shall be used to pay for improvements to the Waterworks and Sewer System or be transferred to the Debt Service Fund.

If the City is required to make a withdrawal from the Reserve Fund for any of the purposes described in this Section, the City shall promptly notify the issuer of such Credit Facility of the necessity for a withdrawal from the Reserve Fund for any such purposes, and shall make such withdrawal FIRST from available moneys or Authorized Investments then on deposit in the Reserve Fund, and NEXT from a drawing under any Credit Facility to the extent of such deficiency.

When and if the Reserve Fund contains less than the Required Reserve Amount due to the issuance of the Bonds or Additional Bonds, beginning on the last Business Day of the month following the delivery of the Bonds to the purchasers thereof, and continuing for sixty (60) months, the City shall transfer from the Net Revenues and deposit to the credit of the Reserve Fund an amount equal to 1/60th of the difference determined as of such delivery date between the amount in the Reserve Fund and the Required Reserve Amount. In the event of a deficiency in the Reserve Fund, or in the event that on the date of termination or expiration of any Credit Facility there is not on deposit in the Reserve Fund sufficient Reserve Fund Obligations, all in an aggregate amount at least equal to the Required Reserve Amount, then the City shall, after making required deposits to the Debt Service Fund in accordance with the terms of this Ordinance, satisfy the Required Reserve Amount by depositing Reserve Fund Obligations into the Reserve Fund in monthly installments of not less than 1/12 of such deficiency on or before the last Business Day of each month following such deficiency, termination or expiration.

In the event of the redemption or defeasance of any of the Parity Obligations, any Reserve Fund Obligations on deposit in the Reserve Fund in excess of the Required Reserve Amount may be withdrawn and transferred, at the option of the City, to the escrow fund established for the retirement of such Parity Obligations or to the Revenue Fund for subsequent transfer to the Debt Service Fund, as a result of (i) the redemption of Parity Obligations or (ii)

funds for the payment of the Parity Obligations having been deposited in the manner described in this Ordinance, the result of such deposit being that such Parity Obligations no longer are deemed to be outstanding under the terms of this Ordinance.

In the event there is a draw upon a Credit Facility, the City shall reimburse the issuer of such Credit Facility for such draw, in accordance with the terms of any agreement pursuant to which the Credit Facility is issued, from Net Revenues; however, such reimbursement from Net Revenues shall be subject to the provisions of Section 8.02 above and shall be subordinate and junior in right of payment to the payment of principal of and premium, if any, and interest on the Parity Obligations.

Section 8.04: Construction Fund.

There is hereby created and there shall be established and maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a separate fund designated as the “City of Bryan, Texas, Waterworks and Sewer System New Series 20__ Revenue Bonds Construction Fund” (hereinafter called the “Construction Fund”). A portion of the proceeds from the sale of the Bonds, identified in the letter of instructions described in Section 19.03 hereof to be deposited to the credit of the Construction Fund, shall be deposited to the credit of the Construction Fund for use by the City for payment of all lawful costs associated with the construction, improvement, renovation, enlargement and equipping of the Waterworks and Sewer System, as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in the Construction Fund shall be transferred FIRST, to the extent the City is liable, to pay rebate amounts to the United States of America pursuant to the terms of the Code and NEXT to the Debt Service Fund. Amounts so deposited to the Debt Service Fund shall be used in the manner described in Section 8.02.

Section 8.05: Excess Revenues.

All revenues in excess of those required to establish and maintain the Debt Service Fund and the Reserve Fund as required may be used for any proper City purpose now or hereafter permitted by law including, without limitation, pledging any excess revenues in support of Subordinate Obligations.

Section 8.06: Security of Funds.

All Funds and Accounts shall be secured in the manner and to the fullest extent required by law for the security of public funds, including Chapter 2257, Texas Government Code, as amended, and the funds created by the Ordinance shall be used only for the purposes therein specified.

ARTICLE IX
INVESTMENT

Section 9.01: Investment of Certain Funds.

Moneys in any Fund or Account established pursuant to this Ordinance may, at the option of the City, be placed or invested in Authorized Investments. The value of any such Fund or

Account shall be established by adding any money therein to the Value of Investment Securities. The value of each such Fund or Account shall be established no less frequently than annually as of the last Business Day of each Fiscal Year, and in any event the value of each such Fund and Account shall be established as of the last Business Day of the month preceding the date the City Council adopts an ordinance authorizing the issuance and delivery of Parity Obligations. Authorized investments credited to the Reserve Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than five (5) years after the date of the investment therein or the date of last maturity of Parity Obligations, whichever date is earlier. Authorized Investments credited to the Revenue Fund or the Debt Service Fund shall have stated maturities, or be redeemable at the option of the holder thereof at a stated price and time, not later than the date such moneys shall be needed to pay principal (including scheduled mandatory sinking fund redemption payments) and interest on Parity Obligations, or to pay operating and maintenance expenses of the Waterworks and Sewer System, as the case may be. Earnings derived from the investment of moneys on deposit in the various Funds and Accounts shall be credited to the Revenue Fund.

ARTICLE X ADDITIONAL BONDS

Section 10.01: Issuance of Additional Bonds.

(a) In addition to the right to issue Subordinate Obligations as authorized by law, the City reserves the right to issue Additional Bonds, under and in accordance with the Ordinance for the purpose of improving, extending, equipping and repairing the Waterworks and Sewer System, paying or refunding Parity Obligations or Subordinate Obligations and for any other lawful purpose. The Additional Bonds shall be secured by and payable from a lien on and pledge of the Net Revenues. In the same manner and to the same extent as any then outstanding Parity Bonds, the Additional Bonds then proposed to be issued shall in all respects be on a parity and equal dignity as to lien and right. Additional Bonds may be issued under this Ordinance in one or more installments; provided, however, that none of the Additional Bonds shall be issued unless and until the following conditions have been met, to-wit:

(i) The City is not then in default as to any covenant, condition or obligation prescribed by any ordinance authorizing the issuance of the outstanding Parity Bonds;

(ii) Each of the special Funds created for the payment and security of the Parity Bonds contains the amount of money then required to be on deposit therein;

(iii) The City has secured from a Certified Public Accountant a certificate showing that the Net Earnings of the Waterworks and Sewer System for either the completed Fiscal Year next preceding the date of the Additional Bonds or a consecutive twelve-month period out of the last fifteen (15) months next preceding the date of the Additional Bonds is equal to at least 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of

all Parity Bonds which will be outstanding after the issuance of the proposed Additional Bonds. However, (A) should the certificate of the accountant certify that the Net Earnings of the Waterworks and Sewer System for the period covered thereby were less than required above, and (B) a change in the rates and charges for services afforded by the Waterworks and Sewer System became effective at least sixty (60) days prior to the last day of the period covered by the accountant's certificate, and (C) an independent engineer or engineering firm having a favorable reputation with respect to such matters will certify that, had such change in rates and charges been effective for the entire period covered by the accountant's certificate, the Net Earnings of the Waterworks and Sewer System covered by the accountant's certificate would have been, in the opinion of such engineer or engineering firm, at least equal to 1.25 times the average Annual Debt Service Requirements (calculated on a Fiscal Year basis) of the outstanding Parity Bonds after giving effect to the issuance of the Additional Bonds, then, in such event, the coverage specified in the first sentence of this paragraph (iii) shall not be required for the period specified, and such accountant's certificate will be sufficient if accompanied by an engineer's certificate to the above effect; and

(iv) The ordinance authorizing the Additional Bonds (A) requires that deposits shall be made into the Debt Service Fund in amounts adequate to pay the principal and interest requirements of the Additional Bonds as the same become due; and (B) provides that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be an amount equal to the Required Reserve Amount for all outstanding Parity Bonds theretofore issued and to be outstanding after the issuance of said Additional Bonds and any additional amount shall be so accumulated in not more than sixty (60) months from the date of the Additional Bonds.

(b) Wherever, in this Ordinance, the City reserves the right to issue Additional Bonds, such term shall also include, mean and refer to any other forms or types of obligations which may be made lawfully payable from and secured by the same source of revenues of the City.

(c) If Additional Bonds are being issued for the purpose of refunding less than all outstanding Parity Bonds, the certification described in subsection (a)(iii) of this Section is not required so long as the Designated Financial Officer provides a certificate showing that the aggregate debt service requirements of such refunding Parity Bonds will not exceed the aggregate debt service requirements of the Parity Bonds being refunded.

Section 10.02: Credit Agreements.

Payments to be made under a Credit Agreement may be treated as Parity Obligations if the governing body of the City makes a finding in the ordinance authorizing the execution and delivery of such Credit Agreement that the obligations of the City incurred under a Credit Agreement shall be treated as a Parity Obligation that, based upon the findings contained in a certificate executed and delivered by a Designated Financial Officer, the City will have sufficient funds to meet the financial obligations of the Waterworks and Sewer System, including sufficient

Net Revenues to satisfy the Annual Debt Service Requirements of the Waterworks and Sewer System and the financial obligations of the City relating to the Waterworks and Sewer System after giving effect to the treatment of the Credit Agreement as a Parity Obligation.

Section 10.03: Separately Financed Projects.

The City expressly retains the right to issue or incur bonds, notes, or other obligations or evidences of indebtedness, other than Parity Obligations, for any project or purpose for goods or services other than the generation, transmission, distribution and sale of electric energy and capacity or related goods and services, which presently are or hereafter may be authorized or permitted to be provided or maintained by waterworks and sewer systems generally or the City specifically under the laws of the State of Texas, federal law or the City's home rule charter; provided the bonds, notes or other obligations issued or incurred for any such separately financed project are payable from and secured by other available funds derived from the ownership or operation thereof or excess Net Revenues remaining after satisfying, or making provision for the satisfaction of, the priority of claims identified on such Net Revenues in Section 8.01 hereof and separate books and records for such separately financed project or activity are maintained by the City.

ARTICLE XI
SECURITY INTEREST IN NET REVENUES

Section 11.01: Chapter 1208, Government Code, Applies to Bonds.

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the City under Section 2.01 hereof, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Net Revenues granted by the City is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

ARTICLE XII
INSURANCE

Section 12.01: Maintenance and Operation; Insurance.

The City shall maintain the Waterworks and Sewer System in good condition and operate the same in an efficient manner and at reasonable cost. So long as any Parity Bonds are outstanding, the City agrees to maintain insurance for the benefit of the holder or holders thereof on the Waterworks and Sewer System of a kind and in an amount which usually would be carried by private companies engaged in a similar type of business. Nothing in the Ordinance shall be construed as requiring the City to expend any funds derived from sources other than the operation of the Waterworks and Sewer System, but nothing therein shall be construed as preventing the City from doing so. In lieu of obtaining policies for insurance as provided above,

the City may self-insure against risks, accidents, claims or casualties of the nature described above.

ARTICLE XIII SYSTEM RECORDS

Section 13.01: Records; Accounts; Accounting Reports.

The City covenants and agrees that so long as any Parity Bonds or any interest thereon remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the operation of its Waterworks and Sewer System separate and apart from all other records and accounts; complete and correct entries shall be made of all transactions relating to the Waterworks and Sewer System, as provided by Section 1502.056, Texas Government Code, and that the holder or holders of any Parity Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect all such records, accounts and data relating thereto, and to inspect the Waterworks and Sewer System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountants, shall particularly include the following:

- (a) A detailed statement of the income and expenditures of the Waterworks and Sewer System for such Fiscal Year.
- (b) A balance sheet as of the end of such Fiscal Year.
- (c) The Accountant's comments regarding the manner in which the City has carried out the requirements of the Ordinance and his recommendations for any changes or improvements in the operation, records and accounts of the Waterworks and Sewer System.
- (d) A list of the insurance policies in force at the end of the Fiscal Year on the Waterworks and Sewer System properties, setting out as to each policy the amount thereof, the risk covered, the name of the insurer, and the policy's expiration date.

Expenses incurred in making the audits referred to hereinabove are to be regarded as maintenance and operation expenses and paid as such. Copies of the aforesaid annual audit shall be immediately furnished, upon request, to the original purchaser or any subsequent owner of the Parity Bonds.

ARTICLE XIV DEFAULT AND REMEDIES

Section 14.01: Remedy in Event of Default.

In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Debt Service Fund or the Reserve Fund as required by this Ordinance, or (b) defaults

in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the holder or holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 14.02: Remedies Not Exclusive.

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

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

ARTICLE XV
COMPETITION; SALE OF WATERWORKS AND SEWER SYSTEM

Section 15.01: Competition; Sale of Waterworks and Sewer System.

So far as it legally may, the City covenants and agrees, for the protection and security of the Parity Bonds and the holders thereof from time to time, that it will not grant a franchise for the operation of any competing system in the City until all Parity Bonds shall have been retired. Neither the Waterworks and Sewer System, nor a substantial part thereof, shall be sold while the Parity Bonds are outstanding, but nothing in the Ordinance shall prevent the sale or disposal of properties constituting a part of the Waterworks and Sewer System which are no longer useful in connection with the operation thereof.

ARTICLE XVI
COVENANTS TO MAINTAIN TAX EXEMPT STATUS

Section 16.01: Definitions.

When used in this Section, the following terms shall have the following meanings:

“Closing Date” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.1481(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.1481(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(e) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.1481(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

Section 16.02: 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 receives 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.

Section 16.03: 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:

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

United States or any agency, department and, instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(b) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds, or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds Bonds, 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.

Section 16.04: 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.

Section 16.05: 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 in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

Section 16.06: 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.

Section 16.07: Information Report.

The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038G or such other form and in such place as the Secretary may prescribe.

Section 16.08: Rebate of Arbitrage Profits.

Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(a) The City shall account for all Gross Proceeds (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 retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(b) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(c) As additional consideration for the purchase of the Bonds by the purchasers thereof referenced in this Ordinance, and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure 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 out of the Debt Service Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(1) of the Code and the Regulations and rulings thereunder.

(d) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it interest thereon, and any penalty imposed under Section 1.1483(h) of the Regulations.

Section 16.09: Not to Divert Arbitrage Profits.

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 earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Section 16.08 hereof because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

Section 16.10: Elections.

The City hereby directs and authorizes the Mayor, City Manager or Chief Financial Officer, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 16.11: Bonds Not Hedge Bonds.

The City reasonably expects that it will spend at least 85% of the spendable proceeds of the Bonds within three (3) years after the Bonds are issued and that not more than 50% of the proceeds of the Bonds will be invested in Non-Purpose Investments having a substantially guaranteed Yield for a period of four (4) years or more.

ARTICLE XVII
DISCHARGE

Section 17.01: Defeasance of Bonds.

(a) The City may defease the provisions of this Ordinance and discharge its obligations to pay the principal of and interest on any or all of the Bonds (a "Defeased Bond") in any manner now or hereafter permitted by law, including by depositing with the Paying Agent/Registrar, a trust company or commercial bank other than the Paying Agent/Registrar, or with the Comptroller of Public Accounts of the State of Texas either:

(i) cash in an amount equal to the principal amount of such Bonds and premium, if any, and interest thereon to the date of maturity or redemption; or

(ii) pursuant to an escrow or trust agreement, cash and/or Defeasance Securities, which (in the case of Defeasance Securities) may be in book-entry form, and the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of and interest thereon to the date of maturity or earlier redemption;

provided, however, that if any of the Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in this Ordinance.

Upon such deposit, such Bonds shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the City or deposited as directed in writing by the City.

(b) Any agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a) above. All income from such Defeasance Securities which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the City or deposited as directed in writing by the City.

(c) Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

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

ARTICLE XVIII AMENDMENT OF ORDINANCE

Section 18.01: Amendment of Ordinance.

(a) That the holders of the Parity Bonds aggregating a majority in principal amount of then outstanding Parity Bonds shall have the right from time to time to approve any amendment to this Ordinance which may be deemed necessary or desirable by the City; provided, however, that without the consent of the holders of all of the Parity Bonds at the time outstanding, nothing herein contained shall permit or be construed to permit the amendment of the terms and conditions in this Ordinance or in the Parity Bonds so as to:

- (i) Make any change in the maturity of the outstanding Parity Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Parity Bonds;
- (iii) Reduce the amount of the principal payable on the outstanding Parity Bonds;
- (iv) Modify the terms of payment of principal of or interest on the outstanding Parity Bonds or impose any conditions with respect to such payment;

(v) Affect the rights of the holders of less than all of the Parity Bonds then outstanding; or

(vi) Change the minimum percentage of the principal amount of Parity Bonds necessary for consent to such amendment.

(b) That if at any time the City shall desire to amend the Ordinance under this Section, the City shall cause notice of the proposed amendment to be published in a financial newspaper or journal published in The City of New York, New York, once during each calendar week for at least two (2) successive calendar weeks; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all holders of Parity Bonds. Such publication is not required, however, if notice in writing is given to each holder of Parity Bonds.

(c) That whenever at any time not less than thirty (30) days, and within one year, from the date of the first publication of said notice or other service of written notice the City shall receive an instrument or instruments executed by the holders of at least a majority in aggregate principal amount of all Parity Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file with the Paying Agent/Registrar, the City Council may pass the amendatory ordinance in substantially the same form.

(d) That upon the passage of any amendatory ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with such amendatory ordinance, and the respective rights, duties and obligations under this Ordinance of the City and all the holders of then outstanding Parity Bonds shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such amendments.

(e) That any consent given by the holder of a Parity Bond pursuant to the provisions of this Section shall be irrevocable for a period of six (6) months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Parity Bond during such period. Such consent may be revoked at any time after six (6) months from the date of the first publication of such notice by the holder who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar therefor and the City, but such revocation shall not be effective if the holders of a majority in aggregate principal amount of the then outstanding Parity Bonds as in this Section defined have, prior to the attempted revocation, consented to and approve the amendment.

(f) For the purposes of this Section, the ownership and other matters relating to all Parity Bonds registered as to ownership shall be determined from the registration

books kept by the registrar therefor. The Paying Agent/Registrar may conclusively assume that such ownership continues until written notice to the contrary is served upon the Paying Agent/Registrar. For purposes of this Section, the notional amount attributable to a Credit Agreement that is treated as a Parity Obligation shall be deemed to be the principal amount thereof.

(g) The foregoing provisions of this Section notwithstanding, the City by action of the City Council may amend this Ordinance for any one or more of the following purposes:

(i) To add to the covenants and agreements of the City in this Ordinance contained, other covenants and agreements thereafter to be observed, grant additional rights or remedies to bondholders or to surrender, restrict or limit any right or power herein reserved to or conferred upon the City;

(ii) To make such provisions for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in this Ordinance, or in regard to clarifying matters or questions arising under this Ordinance, including, without limitation, those matters described in Section 20.03 hereof, as are necessary or desirable and not contrary to or inconsistent with this Ordinance and which shall not adversely affect the interests of the holders of the Parity Bonds;

(iii) To modify any of the provisions of this Ordinance in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all previously issued Parity Bonds outstanding at the date of the adoption of such modification shall cease to be outstanding, and (ii) such modification shall be specifically referred to in the text of all Additional Bonds issued after the date of the adoption of such modification;

(iv) To make such amendments to this Ordinance as may be required, in the opinion of Bond Counsel, to ensure compliance with sections 103 and 141 through 150 of the Code and the regulations promulgated thereunder and applicable thereto;

(v) To make such changes, modifications or amendments as may be necessary or desirable in order to obtain or maintain the granting of a rating on the Parity Obligations by a Rating Agency or to obtain or maintain a Credit Agreement or a Credit Facility; and

(vi) To make such changes, modifications or amendments as may be necessary or desirable, which shall not adversely affect the interests of the owners of the Parity Obligations, in order, to the extent permitted by law, to facilitate the economic and practical utilization of interest rate swap agreements, foreign currency exchange agreements, or similar types of agreements with respect to the Parity Obligations.

Notice of any such amendment may be published by the City in the manner described in clause (b) of this Section; provided, however, that the publication of such notice shall not constitute a condition precedent to the adoption of such amendatory ordinance and the failure to publish such notice shall not adversely affect the implementation of such amendment as adopted pursuant to such amendatory ordinance.

Section 18.02: Bond Insurer Deemed to be the Owner of Parity Bonds.

Notwithstanding anything in this Ordinance to the contrary, if a Bond Insurer has issued a municipal bond insurance policy in respect to any series of Parity Bonds, such Bond Insurer shall be deemed to be the holder of 100% of the Parity Bonds for which such Bond Insurer has issued and currently maintains a municipal bond insurance policy, and shall be entitled to approve on behalf of such holders of the Parity Bonds any and all amendments to this Ordinance for which less than 100% bondholder consent is required.

ARTICLE XIX
SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 19.01: Sale of Bonds.

The sale of the Bonds to the Texas Water Development Board (the "TWDB") at a price of the par value thereof, is hereby approved. It is hereby officially found, determined and declared that the above price and terms of sale of the Bonds are the most advantageous reasonable obtainable by the City.

The Bonds herein authorized shall be initially issued (i) as a single fully registered bond in the total principal amount of this series with principal installments to become due and payable as provided in Section 3.02 hereof and numbered T-1, or (ii) as one bond for each year of maturity in the applicable principal amount and denomination as referenced in Section 3.02 hereof 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 TWDB. Anytime at the delivery of the Bonds, the TWDB shall have the right to exchange such bonds as provided in Section 3.03 hereof without cost.

Section 19.02: Control and Delivery of Bonds.

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

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the TWDB under and subject to the general supervision and

direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

(c) The Mayor, Mayor Pro Tem, the City Manager, the Chief Financial Officer of the City, and all other officers, employees, and agents of the City, and each of them, shall be and they are expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such agreements, certificates, and instruments, whether herein mentioned, as may be necessary or desirable to carry out the terms and provisions of this Ordinance, the Bonds, the sale and delivery of the Bonds, the DTC Blanket Letter of Representations and the Official Statement.

Section 19.03: Deposit of Proceeds.

The proceeds from the sale of the Bonds shall be deposited to the Construction Fund established pursuant to Section 8.04 of this Ordinance and used only for the purposes set forth in Section 3.01 of this Ordinance and to pay all expenses arising in connection with the issuance of the Bonds. Any proceeds of the Bonds, together with earnings from the investment thereof, remaining after making all such deposits and payments shall be deposited into the Debt Service Fund and, to the extent applicable, applied to pay or redeem Bonds as provided in Section 21.01(d) of this Ordinance.

Notwithstanding the above and foregoing, immediately following the delivery of the Bonds and prior to the deposit of the proceeds from the sale of such Bonds in the Construction Fund established at an official depository of the City pursuant to Section 8.04 hereof, such proceeds shall be held in trust and in escrow pursuant to the written escrow agreement described below pending written authorization to release said proceeds.

A “Special Escrow Deposit Agreement” by and between the City and _____, _____, Texas, attached hereto as Exhibit D and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby approved as to form and content, and the Mayor and the City Secretary of the City are hereby authorized and directed to execute such Agreement in substantially the same form and content herein approved.

ARTICLE XX
CONTINUING DISCLOSURE UNDERTAKING

Section 20.01: Annual Reports.

The City shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the City ending in or after 2016, financial information and operating data with respect to the City of the general type described in Exhibit C hereto, and financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in

substantially the form included in the official statement, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB's Internet Web Site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

Section 20.02: Material Event Notices.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 20.01 of this Ordinance by the time required by such Section.

Section 20.03: Identifying Information.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

Section 20.04: Limitations, Disclaimers and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by Section 20.02 of any Bond calls and defeasance that cause the City to be no longer such an “obligated person”.

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

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

No default by the City in observing or performing its obligations under this Article shall constitute a breach of or default under the Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities law.

The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change, legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the

primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. If the City so amends the provisions of this Article it shall include with any amended financial information or operating data next provided in accordance with Section 20.01 an explanation in narrative form of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

ARTICLE XXI
MISCELLANEOUS

Section 21.01: Compliance with the Texas Water Development Board’s Rules and Regulations.

The City will comply with all of the requirements contained in the resolution or resolutions adopted by the TWDB with respect to the issuance of the Bonds. In addition, in compliance with the TWDB’s Clean Water State Revolving Fund Loan Program Rules, the City agrees and covenants:

[TO COME]

Section 21.02: Severability.

If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid, null, void, of no force and effect, then such provisions shall be construed as severable from the remainder of this Ordinance and shall not affect the validity of all other provision of this Ordinance which shall remain in full force and effect.

Section 21.03: Effectiveness.

That in accordance with the provisions of Section 1201.028, Texas Government Code, as amended, this Ordinance shall be effective immediately upon its adoption by the City Council.

[The remainder of page is intentionally left blank.]

PASSED, APPROVED AND EFFECTIVE this the ____ day of _____, 20__.

Mayor, City of Bryan, Texas

City Secretary, City of Bryan, Texas

(Seal)

EXHIBIT A
FORM OF BOND

REGISTERED
No. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZOS
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BOND
NEW SERIES 20__

<u>DATED</u> <u>DATE</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>ISSUANCE</u> <u>DATE</u>	<u>CUSIP No.</u>
____, 20__	____%	____, 20__	____, 20__	_____

The City of Bryan (the "City"), in the County of Brazos, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _____ and _____ of each year, commencing _____, 20__.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated corporate trust office in _____, Texas (the "Designated Trust Office") of _____, which is the "Paying Agent/Registrar" executing the registration certificate appearing hereon. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of

business on the “Record Date”, which shall be the fifteenth day of the month next preceding such interest payment date.

So long as the Texas Water Development Board is the Holder of the Bonds, payments of principal and interest shall be made by wire transfer at no cost to the Texas Water Development Board.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday or day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day, which is not Saturday, Sunday, legal holiday or day on which banking institutions are required authorized to close and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$3,500,000 (herein referred to as the “Bonds”), issued pursuant to the authority provided by the Constitution and the laws of the State of Texas, and a certain ordinance of the City (the “Ordinance”). Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Ordinance. The Bonds are being issued for the purpose of (i) constructing, improving, repairing, renovating, enlarging, extending and equipping the Waterworks and Sewer System and (ii) paying the costs of issuing the Bonds.

The City has reserved the right, subject to the restrictions stated in the Ordinance, to issue Additional Bonds that may be secured in the same manner and on a parity with the Bonds.

The City has reserved the option to redeem the Bonds maturing on and after _____, 20__ , before their respective scheduled maturities in inverse order of maturity, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on _____, 20__ or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the principal amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds or portions thereof, within such maturity and in such principal amounts, for redemption. A portion of a single bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall assign a separate number for each \$5,000 portion of the Bonds and select the portion or portions of the Bonds to be redeemed by lot or by any other customary method that results in a random selection; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository.

Notice of such redemption or redemption shall be given by United States mail, first-class postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the

Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portion thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

With respect to any optional redemption of the Bonds, unless all prerequisites to such redemption have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all such prerequisites on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect.

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

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

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of the owner of this Bond any Bond called for redemption, in whole or in part, within 30 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether this Bond be overdue, and neither the City nor the Paying Agent/Registrar, nor any such agent shall be, affected by notice to the contrary.

The holder hereof shall never have the right to demand payment of this Bond out of any funds raised or to be raised by taxation.

IT IS HEREBY CERTIFIED AND RECITED that this Bond has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; and that the interest or, and principal of this Bond and the series of which it is a part are secured by and payable from a first lien on and pledge of the Net Revenues of the Waterworks and Sewer System. The Bonds constitute special

obligations of the City payable solely from the sources and in the manner set forth herein in the Ordinance and not from any other revenues, funds or assets of the City.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

Mayor, City of Bryan, Texas

City Secretary, City of Bryan, Texas

(Seal)

FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE:

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the Bond(s) submitted to the Attorney General of Texas for approval has been fully executed.

COMPTROLLER'S REGISTRATION CERTIFICATE:

OFFICE OF COMPTROLLER §
STATE OF TEXAS § REGISTER NO. _____
 §

I hereby certify this bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas and further that this bond has been registered by the Comptroller of Public Accounts of the State of Texas.

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

Comptroller of Public Accounts
of the State of Texas

[SEAL]

FORM OF CERTIFICATE OF PAYING AGENT/REGISTRAR:

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

_____, as
Paying Agent/Registrar

By: _____
Authorized Signatory

Dated: _____

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: _____

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

FORM OF HEADING AND FIRST PARAGRAPH OF SINGLE INITIAL BOND

REGISTERED
No. T-1

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZOS
CITY OF BRYAN, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE BOND
NEW SERIES 20__

DATED DATE: _____, 20__

ISSUANCE DATE: _____, 20__

The City of Bryan (the "City"), in the County of Brazos, State of Texas, for value received, hereby promises to pay to

or registered assigns, but solely from the sources and in the manner hereinafter provided, the sum of

_____ MILLION _____ HUNDRED _____ THOUSAND DOLLARS

on _____ in each of the years and in principal amounts and bearing interest at the per annum rates in accordance with the following schedule

Year	of	Principal	Interest
<u>Maturity</u>	<u>_____</u>	<u>Amount</u>	<u>Rate</u>
		<u>_____</u>	<u>_____</u>

(Information to be inserted from schedule in Section 3.02 hereof).

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rates of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on _____ and _____ of each year, commencing _____, 20__.

EXHIBIT B

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of _____, 20__ (this "Agreement"), by and between the City of Bryan, Texas (the "Issuer"), and _____, a national 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 execution and delivery of its "City of Bryan, Texas, Waterworks and Sewer System Revenue Bonds, New Series 20__" (the "Securities"), dated _____, 20__, such Securities to be delivered to the initial purchasers on or about _____, 20__; 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 the 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 offices of the Bank located in Austin, Texas at the address appearing in Section 3.01 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, Mayor Pro Tem, City Manager, Chief Financial Officer, or City Secretary, 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 Security 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 following address:

By Registered or Certified Mail

By Hand or Overnight Mail

In Person

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. The Bank represents and warrants its office in Austin, Texas will at all times have immediate access to the Security Register by electronic or other means and will be capable at all times of producing a hard copy of the Security Register at its Dallas office for use by the Issuer. 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. Bonds. 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 Bonds. The Bank will, at such reasonable intervals as it determines destroy Securities in lieu of Which or in exchange for which other Securities have been issued, or which have been paid, and furnish to the Issuer evidence of such destruction.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions 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 responsibility 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 collateralized 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 trust account shall be made by check drawn on such trust 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 three 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 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 in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. DTC 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", 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 9.

Section 6.04. Effect of Heading. 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.

WELLS FARGO BANK, N.A.

By: _____
Title: _____

Attest:

Address: _____

Title:

CITY OF BRYAN, TEXAS

By: _____
Mayor

Address: 300 South Texas Avenue
Bryan, Texas 77803

Attest:

City Secretary

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred in Article 20 of this Ordinance.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified below:

- (1) The annual audited financial statements of the City.
- (2) The information included under Tables 1 through 10 of the Official Statement for the City's Waterworks and Sewer System Revenue Bonds, New Series 2010A (the "Official Statement").

Accounting Principles

The accounting principles referred to in such Article are generally those described in the audited financial statements attached as Appendix B to the Official Statement, as such principles may be changed from time to time to comply with state law or regulation.

EXHIBIT D

FORM OF SPECIAL ESCROW DEPOSIT AGREEMENT

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of _____, 20__, made by and between the City of Bryan, Texas, a political subdivision of the State of Texas in Brazos County, Texas, (the “City”), acting by and through the Mayor and City Secretary of the City and _____ (the “Bank”), as Escrow Agent (the “Escrow Agent”) together with any successor in such capacity;

W I T N E S S E T H :

WHEREAS, pursuant to an ordinance finally adopted on _____, 20__, the City Council of the City authorized the issuance of \$3,500,000 City of Bryan, Texas Waterworks and Sewer System Revenue Bonds, New Series 20__, dated _____, 20__ (the “Bonds”) for the purpose of constructing, improving, repairing, renovating, enlarging, extending and equipping the City’s water and wastewater system (the “Project”);

WHEREAS, such ordinance also confirmed the sale of the Bonds to the Texas Water Development Board (the “TWDB”); and

WHEREAS, the Escrow Agent is a national bank located in the State of Texas, an insured depository institution with the Federal Deposit Insurance Corporation (“FDIC”), and is otherwise qualified and empowered to enter into this Escrow Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition to the purchase of the Bonds by the TWDB is the deposit of the proceeds of sale (less amounts to pay costs of issuance) in escrow subject to being withdrawn only with the approval of the Executive Administrator of the TWDB or an authorized representative; provided, however, the funds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount to be paid by the City to the Escrow Agent, as set forth on Exhibit A, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Bonds, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

SECTION 1: Escrow Account. Upon the delivery of the Bonds described above, proceeds of sale (less amounts to pay costs of issuance) shall be deposited to the credit of a special escrow account maintained at the Bank on behalf of the City and the TWDB and shall not be commingled with other accounts or funds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as the Escrow Agent under the terms of this Agreement.

These escrowed funds shall be kept in a separate account entitled “City of Bryan State Water Implementation Fund for Texas Program Loan Escrow Fund” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs

of the project for which the Bonds were issued (the “Project Costs”) in accordance with the ordinance authorizing the issuance of the Bonds (the “Ordinance”) and solely upon written authorization from the Executive Administrator, or his authorized representative. The Bank shall distribute to the City and to the Executive Administrator’s staff of the TWDB the escrow account bank statements or trust account statements on a monthly basis.

SECTION 2: Collateral. All cash deposited to the credit of such escrow account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Chapter 2257, Texas Government Code, as amended.

SECTION 3: Investments. While funds are held in escrow, the Bank shall only invest escrowed funds in investments that are authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. It is the City’s responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the Public Funds Investment Act but also with its own written investment policy.

SECTION 4: Disbursements. The Bank shall not honor any disbursement from the escrow account, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator of the TWDB or an authorized TWDB representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring funds from one investment to another provided that all such investments are consistent with the requirements of the Public Funds Investment Act.

SECTION 5: Unexpended Funds. Any sums remaining unexpended in the escrow account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance.

SECTION 6: Certifications. The Bank shall be authorized to accept and rely upon the certifications and documents furnished to the Bank by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

SECTION 7: Liability of Escrow Agent. To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Bonds or any recitation contained in the Bonds.

SECTION 8: Records. The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund, and investments of the Escrow Fund and all proceeds thereof. The records shall be available for inspection at reasonable hours and under reasonable conditions by the City and the TWDB.

SECTION 9: Merger/Consolidation. In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank as well as an FDIC-insured depository institution. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within a reasonable time of such merger, consolidation or exchange.

SECTION 10: Amendments. This Agreement may be amended from time to time as necessary with the consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Bank without its consent.

SECTION 11: Termination. In the event that this escrow agreement is terminated by either the City or by the Bank, the Escrow Agent must report said termination in writing to the TWDB within five (5) business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller of Public Accounts as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this escrow agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five (5) business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent.

SECTION 12: Expiration. This Escrow Agreement shall expire upon final transfer of the funds in the Escrow Account to the City.

SECTION 13: Point of Contact. The points of contact for the Escrow Agent and the Board are as follows:

Attention: _____

Texas Water Development Board
P.O. Box 13231
Austin, Texas 78711

City Manager
City of Bryan, Texas
300 South Texas Avenue
Bryan, Texas 77803

SECTION 14: Choice of Law. This agreement shall be governed exclusively by the applicable laws of the State of Texas. Should a controversy arise, either party hereto may introduce the dispute into the Travis County District Court for adjudication thereof.

SECTION 15: Assignability. This agreement shall not be assignable by the parties hereto, in whole or in part, and any attempted assignment shall be void and of no force and effect.

SECTION 16: This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supercedes any other agreements, whether oral or written, between the parties regarding the Funds or this escrow account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

SECTION 17: If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

[Execution Page Follows]

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

CITY OF BRYAN, TEXAS

Mayor, City of Bryan, Texas

ATTEST

City Secretary

(CITY SEAL)

Approved as to form:

City Attorney

Approved as to content:

Chief Financial Officer, City of Bryan, Texas

By: _____

Title: _____

(SEAL)

EXHIBIT A

**PRIVATE PLACEMENT MEMORANDUM
DATED MAY 9, 2016**

NEW ISSUE BOOK-ENTRY-ONLY

On the date of initial delivery of the Obligations (defined below), Issuer's Bond Counsel (identified on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.

**\$2,350,000
CITY OF BRYAN, TEXAS – TWDB SWIFT
GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2016 (the "Obligations")**

Dated: November 15, 2016;

Due: August 15 (as shown in APPENDIX A)

Interest Accrues from Date of Initial Delivery

Interest Payment Dates:	Interest on the Obligations will be payable on February 15 and August 15 each year, commencing February 15, 2018 (each an "Interest Payment Date"). The Obligations will bear interest, commencing on February 15, 2018, at the rates per annum set forth in "APPENDIX A - MATURITY SCHEDULE."
Record Date:	The close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date.
Date Interest Accrues:	Each Obligation shall bear interest from the date of initial delivery or the most recent Interest Payment Date to which interest has been paid or provided for at the respective rate set forth in "APPENDIX A – MATURITY SCHEDULE," such interest payable semiannually on February 15 and August 15 of each year until maturity or prior redemption, commencing on February 15, 2018.
Redemption:	The Obligations are subject to redemption prior to maturity as provided herein. See "THE OBLIGATIONS - Redemption Provisions" herein.
Authorized Denominations:	The Obligations are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof.
Paying Agent/Registrar/Registrar:	The paying agent ("Paying Agent/Registrar") for the Obligations is BOKF, NA, Austin, Texas.
Book-Entry-Only System	Upon initial issuance, the ownership of the Obligations will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") to which principal, redemption premium, if any, and interest payments on the Obligations will be made. The purchasers of the Obligations will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Obligations will be payable at the designated office of the Paying Agent/Registrar in BOKF, NA, Austin, Texas as the same become due and payable.
Issuer:	City of Bryan, Texas
Official Action:	Resolution authorizing the Obligations is dated November 8, 2016.
Purpose:	See "APPENDIX B - OFFICIAL ACTION."
Security for the Obligations:	See "APPENDIX B - OFFICIAL ACTION."

Ratings: See "OTHER INFORMATION – Ratings."

Delivery Date: To be determined.

**See "APPENDIX A - MATURITY SCHEDULE"
for Principal Amounts, Maturities, Interest Rates,
Prices or Yields, and Initial CUSIP Numbers**

CITY OF BRYAN, TEXAS

CITY COUNCIL MEMBERS

Jason Bienski Mayor	300 S Texas Ave Bryan, Texas 77803
Al Saenz Councilmember	300 S Texas Ave Bryan, Texas 77803
Rafael Pena, III Councilmember	300 S Texas Ave Bryan, Texas 77803
Greg Owens Councilmember	300 S Texas Ave Bryan, Texas 77803
Mike Southerland Councilmember	300 S Texas Ave Bryan, Texas 77803
Ben Hardeman Councilmember	300 S Texas Ave Bryan, Texas 77803
Buppy Simank Councilmember	300 S Texas Ave Bryan, Texas 77803

Andrews Kurth LLP, Austin, Texas, Bond Counsel

Specialized Public Finance Inc., Dallas, Texas, Financial Advisor

BOKF, NA, Austin, Texas, Paying Agent/Registrar

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**Private Placement Memorandum
relating to

\$2,350,000
CITY OF BRYAN, TEXAS – TWDB SWIFT
GENERAL IMPROVEMENT REVENUE BONDS, SERIES 2016 (the “Obligations”)**

INTRODUCTION

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance by the Issuer, and summaries of certain provisions of the “Obligations” pursuant to the Official Action. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See “APPENDIX B – FORM OF OFFICIAL ACTION” attached hereto.

APPENDIX A contains the maturity schedule for the Obligations. APPENDIX B contains the Official Action and a description of the purpose for the proceeds of the Obligations. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Obligations. The summaries of the documents contained in the forepart of this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

THE OBLIGATIONS

General Description

The Obligations are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature and be subject to redemption prior to maturity as described herein. The Obligations are being issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The Obligations will be dated as of the stated date of issue and will mature on the dates referenced thereon, and will bear interest commencing on February 15, 2018, at the rates per annum set forth in “APPENDIX A - MATURITY SCHEDULE.”

Interest on the Obligations is payable semiannually on each Interest Payment Date, commencing February 15, 2018 and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Principal of and the redemption price with respect to the Obligations will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

Purpose

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Authority for Issuance

The Obligations are issued pursuant to Chapter 75, Acts of the 43rd Legislative first called Session, 1933, as amended, Chapter 1201, Texas Government Code, as amended, and the Official Action adopted by the Issuer.

Security for the Obligations

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Redemption Provisions

On February 15, 2027, or on any date thereafter, the Obligations maturing on and after February 15, 2026 may be redeemed in inverse order of maturity, prior to their scheduled maturities, upon the written direction of the Issuer, with funds provided by the Issuer, at par plus accrued interest to the date fixed for redemption as a whole, or in part, and if less than all of a maturity is to be redeemed the Paying Agent/Registrar will determine by lot the Obligations, or portions thereof within such maturity to be redeemed (provided that a portion of an Obligation may be redeemed only in Authorized Denominations).

Notice of Redemption; Selection of Obligations to Be Redeemed

See “APPENDIX B - FORM OF OFFICIAL ACTION.”

The Paying Agent/Registrar, so long as a Book-Entry-Only System is used for the Obligations, will send any notice of redemption of the Obligations, notice of proposed amendment to the Official Action or other notices with respect to the Obligations only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Obligations called for redemption or any other action premised on any such notice. Redemption of portions of the Obligations by the Issuer will reduce the outstanding principal amount of such Obligations held by DTC.

Book-Entry-Only System

The information in this caption concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book entry system has been obtained from DTC and the Issuer makes no representation or warranty nor takes any responsibility for the accuracy or completeness of such information.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Obligations and deposited with DTC. See “APPENDIX B - FORM OF OFFICIAL ACTION.”

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC’s participants (the “Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearance Corporation, and Fixed Income Clearance Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: “AAA.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

TAX MATTERS

Opinion

Bond Counsel will deliver its opinion on the date of delivery of the Obligations substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

OTHER INFORMATION

Settlement of Purchase of Obligations

The Texas Water Development Board (the "Board") and the Issuer intend for the delivery of the Obligations to be facilitated through the book-entry-only system of DTC. See "THE OBLIGATIONS - Book-Entry-Only System". In connection with the delivery of the Obligations, a settlement agent may be used to effect the delivery of the Obligations. If such a settlement agent is used, such settlement agent (i) is being used solely to facilitate book-entry delivery of the Obligations, (ii) will be acting solely as a "Clearing DTC Participant" and not as an "underwriter" (each as defined in Section 2(a)(11) of the U.S. Securities Act of 1933, as amended, (iii) is not acting as a fiduciary or municipal advisor to the Board or the Issuer with regard to the Obligations and, accordingly, has no fiduciary duty to either the Board or the Issuer under Federal or state securities laws, and therefore is not required by federal or state law to act in the best interests of the Board or the Issuer, (iv) in providing information to either the Board or the Issuer, is not providing "advice" with the meaning of Section 15B of the Securities Exchange Act of 1934, as amended, and that the information provided has not been relied on by either the Board or the Issuer in the issuance of the Obligations and (v) has not provided any legal, accounting, regulatory or tax advice to the Issuer.

Forward Looking Statements

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Obligations have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

Ratings

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Obligations for ratings or municipal bond insurance, respectively, nor is it anticipated the Issuer would have received an investment grade rating had one been applied for.

LITIGATION

General

On the date of delivery of the Obligations to the initial purchasers thereof, the Issuer will execute and deliver a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Obligations or which would affect the provisions made for their payment or security or in any manner questioning the validity of the Obligations.

The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Obligations, the security for, or the validity of, the Obligations or the financial condition of the Issuer.

CONTINUING DISCLOSURE OF INFORMATION

In Section 26 of the Official Action, the Issuer has made an agreement for the benefit of the holders and beneficial owners of the Obligations. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System. See “APPENDIX B - FORM OF OFFICIAL ACTION.”

Compliance with Prior Undertakings

During the last five years, the City has complied in all material respects with its prior continuing disclosure agreements entered into pursuant to the Rule.

MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Obligations.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer or the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

ADDITIONAL INFORMATION

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Obligations and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete. This Private Placement Memorandum was approved by the Issuer.

APPENDIX A
MATURITY SCHEDULE

<u>Maturity</u> <u>(August 15)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>	<u>CUSIP</u>
2017	\$ 90,000			
2018	75,000			
2019	75,000			
2020	80,000			
2021	80,000			
2022	80,000			
2023	80,000			
2024	80,000			
2025	85,000			
2026	85,000			
2027	85,000			
2028	90,000			
2029	90,000			
2030	90,000			
2031	95,000			
2032	95,000			
2033	100,000			
2034	100,000			
2035	105,000			
2036	105,000			
2037	110,000			
2038	115,000			
2039	115,000			
2040	120,000			
2041	125,000			

APPENDIX B
FORM OF OFFICIAL ACTION

APPENDIX C

FORM OF OPINION OF BOND COUNSEL