

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS :
COUNTY OF GALVESTON :
CITY OF VILLAGE OF JAMAICA BEACH :

We, the undersigned officers of said City, hereby certify as follows:

1. The City Council of said City convened in REGULAR MEETING ON THE 20TH DAY OF JANUARY, 1992, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Kenneth Dennis	Mayor
Newman Elwell	Alderman
Paulette Shelton	Alderman
Paul Schmidt	Alderman
Don Manousos	Alderman
Willis Cooke	Alderman
Sharon Turnley	City Administrator
Teri White	City Secretary

and all of said persons were present, except the following absentees: None, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

ORDINANCE
AUTHORIZING THE ISSUANCE OF \$1,600,000 CITY OF VILLAGE OF
JAMAICA BEACH, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992

was duly introduced for the consideration of said City Council and read in full. It was then duly moved and seconded that said Ordinance be passed; and, after due discussion, said motion, carrying with it the passage of said Ordinance, prevailed and carried by the following vote:

AYES: All

NOES: None

2. That a true, full, and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows

this Certificate; that said Ordinance has been duly recorded in said City Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance that the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose; and that said Meeting was open to the public, and public notice of the time, place, and purpose of said Meeting was given, all as required by Vernon's Ann. Civ. St. Article 6252-17, as amended.

3. That the Mayor of said City has approved, and hereby approves, the aforesaid Ordinance; that the Mayor and the City Secretary of said City have duly signed said Ordinance; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Ordinance for all purposes.

4. That the Ordinance has not been modified, amended or repealed and is in full force and effect on and as of the date hereof.

SIGNED AND SEALED this 20th day of January, 1992.

T. D. White
City Secretary

Samuel R. Allen
Mayor

(SEAL)

ORDINANCE
AUTHORIZING THE ISSUANCE OF CITY OF VILLAGE OF JAMAICA BEACH,
TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 1992;
AUTHORIZING THE EXECUTION OF A PAYING AGENT
AGREEMENT; THE EXECUTION OF AN ESCROW AGREEMENT;
THE EXECUTION OF A PURCHASE CONTRACT
AND APPROVING AN OFFICIAL STATEMENT

THE STATE OF TEXAS	§
COUNTY OF GALVESTON	§
CITY OF VILLAGE OF JAMAICA BEACH	§

WHEREAS, there is presently outstanding the following issue of outstanding obligations of the City of Village of Jamaica Beach, Texas (the "Issuer") which are secured by the full faith and credit of the Issuer and a pledge by the Issuer to levy ad valorem taxes sufficient to pay principal of and interest on the bonds as they become due:

Village of Jamaica Beach, Texas General Obligation Bonds, Series 1985, dated July 1, 1985 currently outstanding in the aggregate principal amount of \$1,615,000 (the "Series 1985 Bonds"); and

WHEREAS, the Issuer now desires to refund the above described outstanding Series 1985 Bonds which mature on April 1 in the years 1997 through 2006, and which are currently outstanding in the aggregate principal amount of \$1,315,000; and

WHEREAS, the outstanding obligations described in the preceding paragraph shall herein mean (the "Refunded Bonds"); and

WHEREAS, concurrently with the delivery of the bonds herein authorized to the purchasers thereof the Issuer will deposit part of the proceeds from the sale of the Bonds herein authorized into a special escrow fund to be held in accordance with a special escrow fund agreement; and

WHEREAS, it is the desire of the Issuer to provide for the special escrow fund agreement; and

WHEREAS, it is desirable that the special escrow fund agreement provide for the investment of monies so escrowed in direct obligations of the United States of America, which must have interest payable and maturities of principal at times to insure the existence of monies, together with other funds lawfully available therefor, sufficient to pay the principal or redemption price of, and interest on the Refunded Bonds as the same shall come due in accordance with their terms; and

WHEREAS, the Issuer has made arrangements to purchase such direct obligations of the United States of America to be credited to the special escrow fund, and that such obligations shall be held at NationsBank of Texas, N.A., Houston, Texas as escrow agent (the "Escrow Agent") which is the place of payment for the Refunded Bonds; and

WHEREAS, Article 717k, V.A.T.C.S., as amended, provides that when the initial deposit of securities (and any uninvested money) is made with the Escrow Agent in the amount sufficient to pay the principal of and interest on Refunded Bonds at maturity or redemption, such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds, and it is hereby found that although such Refunded Bonds shall continue to be obligations of the Issuer, automatically they shall become obligations of the Issuer secured solely by and payable solely from such deposit and the proceeds therefrom; and upon the making of such deposit, the lien on and pledge securing the payment of all Refunded Bonds shall automatically terminate and be discharged and said encumbrances shall be of no further force or effect; and although said Refunded Bonds will remain outstanding, they shall be regarded as being outstanding only for the purpose of receiving the funds provided by the Issuer for their payment or redemption; and

WHEREAS, the Escrow Agent possesses and is exercising full trust powers and is otherwise qualified and empowered to enter into the agreement authorized by this ordinance; and

WHEREAS, the refunding of the Refunded Bonds will result in a present value debt service savings with respect to the Issuer's debt service requirements of the Refunded Bonds; and

WHEREAS, NationsBank of Texas, N.A., Houston, Texas (successor to, InterFirst Bank - Houston, N.A., Houston, Texas) is the paying agent for the Refunded Bonds; and

WHEREAS, all of the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, it is now deemed necessary and advisable that said bonds be issued at this time, in the amounts and for the purposes as herein shown; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to Article 717k, V.A.T.C.S., as amended;

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF VILLAGE OF JAMAICA BEACH:

Section 1. INCORPORATION OF PREAMBLES; AMOUNT AND PURPOSE OF THE BONDS. The preambles of this Ordinance are incorporated herein and made a part hereof for all purposes. The bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$1,600,000, FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE ISSUER'S OUTSTANDING REFUNDED BONDS (all as described in the preamble hereto).

Section 2. DEFINITIONS. As used in this Ordinance, unless the context shall otherwise require, the term "Bonds" shall mean and include collectively the Bonds initially issued and delivered pursuant to this Ordinance and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the

Bonds. Other terms used herein which begin with a capitalized letter shall have the meanings given for such terms in the preambles hereto.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each Bond issued pursuant to this Ordinance shall be designated: "CITY OF VILLAGE OF JAMAICA BEACH, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 1992", and initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, with the Bonds being dated January 15, 1992 in the respective denominations and principal amounts hereinafter stated, with the Bonds being numbered consecutively from R-1 upward, payable to the initial registered owner thereof (as designated in Section 14 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "Registered Owner").

The Bonds shall mature and be payable serially on April 1 in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
1992	\$ 40,000	2000	\$130,000
1993	20,000	2001	140,000
1994	20,000	2002	145,000
1995	25,000	2003	160,000
1996	25,000	2004	170,000
1997	105,000	2005	185,000
1998	115,000	2006	200,000
1999	120,000		

Section 4. INTEREST. The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Ordinance to their respective dates of maturity at the following rates per annum:

maturities 1992	-----	4.40%
maturities 1993	-----	4.75%
maturities 1994	-----	5.10%
maturities 1995	-----	5.30%
maturities 1996	-----	5.50%
maturities 1997	-----	5.60%
maturities 1998	-----	5.80%
maturities 1999	-----	5.90%
maturities 2000	-----	6.00%
maturities 2001	-----	6.10%
maturities 2002	-----	6.20%
maturities 2003	-----	6.30%
maturities 2004	-----	6.40%
maturities 2005	-----	6.50%
maturities 2006	-----	6.60%

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

Section 5. CHARACTERISTICS OF THE BONDS. Registration, Transfer, and Exchange; Authentication: Book-Entry Only System. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of NationsBank of Texas, N.A., Houston, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Ordinance. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (b) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer and exchange 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 Vernon's Ann. Tex. Civ. St. Art. 717k-6, and particularly Section 5 thereof, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) In General. The Bonds (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) transferred and assigned, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, (vii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar at least 50 days prior to the date of redemption), and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bonds initially issued and delivered pursuant to this Ordinance are not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

Section 6. PAYING AGENT/REGISTRAR. (a) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/ Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(b) Substitute Paying Agent/Registrar. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar to be effective not later than 60 days prior to the next principal or interest payment date after such notice. 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 Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/ Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have

agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

Section 7. FORM OF BONDS. The form of the Bonds, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

*****BOND FORM TO BEGIN ON NEXT PAGE*****

NO. _____

\$ _____

UNITED STATES OF AMERICA
 STATE OF TEXAS
 COUNTY OF GALVESTON
 VILLAGE OF JAMAICA BEACH, TEXAS
 GENERAL OBLIGATION REFUNDING BOND
 SERIES 1992

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
	April 1, _____	January 15, 1992	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF VILLAGE OF JAMAICA BEACH, IN GALVESTON COUNTY, TEXAS, a municipal corporation of the State of Texas (the "Issuer"), hereby promises to pay to the Registered Owner specified above, or to the registered assignee thereof (either being hereinafter called the "registered owner") the Principal Amount specified above and to pay interest thereon, from the Bond Date specified above to the date of its scheduled maturity or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on April 1, 1992, and semiannually on each October 1 and April 1 thereafter; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date, such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the principal corporate office of NationsBank of Texas which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Bond Ordinance to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying

Agent/Registrar by United States mail, first class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest payments may be made by such other methods, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. Any accrued interest due at maturity shall be paid to the registered owner upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment due on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the principal corporate office of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of bonds of like tenor and effect except as to number, principal amount, right of prior redemption and maturity, aggregating One Million Six Hundred Thousand Dollars (\$1,600,000) (herein sometimes called the "Bonds"), issued for the purpose of refunding the Refunded Bonds of the Issuer, as defined in the Bond Ordinance, in accordance with the Constitution and laws of the State of Texas, particularly Article 717k, V.A.T.C.S., and pursuant to an ordinance passed by the City Council of the Issuer and duly recorded in the minutes of said City Council (the "Bond Ordinance"). The Bonds are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000.

THE ISSUER reserves the right to redeem the Bonds maturing on and after April 1, 2002, in whole or in part on any interest payment date on and after April 1, 2001, at the redemption price equal to the principal amount thereof plus accrued interest to the redemption date. If less than all of the Bonds are to be redeemed, the Issuer shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; provided that during any period in which ownership of the Bonds is determined 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 Issuer and the securities depository.

AT LEAST 30 days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by

United States mail, first-class postage prepaid, to the registered owner of each Bond to be redeemed at its address as it appeared on the business day next preceding the date of mailing such notice; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond, and it is hereby specifically provided that the delivery of such notice to the Paying Agent Registrar as required by the Bond Ordinance shall be the only notice actually required in connection with or as a prerequisite to the redemption of any Bonds or portions thereof. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Bond Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Issuer shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Bond or portion thereof. Any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required (i) to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next

following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Bond called for redemption in part.

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

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

IN ADDITION TO ALL OTHER RIGHTS, the owners of this series of Bonds shall be subrogated to all pertinent and necessary rights of the owners of the obligations being refunded thereby.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

IN TESTIMONY WHEREOF, the City Council of the City of Village of Jamaica Beach, Texas, in accordance with the provisions of Article 717j-1, V.A.T.C.S., has caused the seal of said Issuer to be impressed or a facsimile thereof to be printed hereon, and this Bond to be executed with the imprinted facsimile signatures of the Mayor and City Secretary of said Issuer.

CITY OF VILLAGE OF JAMAICA BEACH, TEXAS

By _____
Mayor, City of Village of
Jamaica Beach, Texas

COUNTERSIGNED:

City Secretary, City of Village
of Jamaica Beach, Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described on the face of this Bond; and that this Bond has been issued in exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated _____

NationsBank of Texas, N.A.,
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please insert Social Security or
Other Identifying Number of Transferee

_____ Please
print or typewrite name and address, including zip code of Transferee)

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must
be guaranteed by a member
firm of the New York Stock
Exchange or a commercial
bank or trust company.

NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears upon the front of this
Bond in every particular,
without alteration or
enlargement or any change
whatever.

(FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE BONDS UPON INITIAL DELIVERY THEREOF)

OFFICE OF COMPTROLLER :
STATE OF TEXAS : REGISTER NO. _____

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding general obligation of the City of Village of Jamaica Beach, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Bond has this day been registered by me.

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

Comptroller of Public Accounts of
the State of Texas

(SEAL)

*****END OF BOND FORM*****

Section 8. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the City Council of the Issuer shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Bonds as such principal matures (but never less than 2% of the original principal amount of said Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to

the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

Section 9. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section 9, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Permitted Investments which mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Permitted Investments.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Permitted Investments, maturing in the amounts and times as hereinbefore set forth, and all income from such Permitted Investments received by the Paying Agent/Registrar which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer.

(c) The term "Permitted Investments" as used in this Section, shall mean (i) noncallable direct obligations of the United States of America, including obligations which are unconditionally guaranteed by the United States of America, which may be United States Treasury obligations such as its State and Local Government Series, which may be in book-entry form ("Government Obligations"), or (ii) "pre-refunded municipal obligations" defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (A) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (B) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, (C) which fund is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this subparagraph (ii) on the maturity date or dates thereof or

on the redemption date or dates specified in the irrevocable instructions referred to in subclause (A) of this subparagraph (ii), as appropriate and (D) which are rated in the highest rating category of either Standard & Poor's Corporation or Moody's Investors Service, or any successors thereto.

(d) 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 Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

Section 10. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.** (a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Section 5 of Vernon's Ann. Tex. Civ. St. Art. 717k-6, this Section 10 of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer

or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/ Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5 of this Ordinance for Bonds issued in exchange for other Bonds.

Section 11. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION, AND CUSIP NUMBERS. The Mayor of the Issuer is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel, the assigned CUSIP numbers and the statement of insurance relating to the insurance policy issued with respect to the Bonds may be printed on the Bonds issued and delivered under this Ordinance, but such information shall have no legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

Section 12. DESIGNATION AS QUALIFIED TAX-EXEMPT BONDS. The Issuer hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), conditioned upon the purchaser identified in Section 14 hereof certifying that the aggregate initial offering price of the Bonds to the public (excluding any accrued interest) is no greater than \$10 million. Assuming such condition is met, in furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the Issuer (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Bonds are issued by the Issuer (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in Section 13 hereof, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

Section 13. COVENANTS REGARDING TAX-EXEMPTION. The Issuer covenants to refrain from any action which would adversely affect, or to take such action to ensure, the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used, that amounts, whether or not received by the Issuer, with respect to such private business

use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(1) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.103-13(b)(12) of the Treasury Regulations, and

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

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

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the

United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(i) to maintain such records as will enable the Issuer to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Bonds.

It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or ruling are hereafter promulgated which modify, or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code.

Section 14. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to Texas Commerce Bank National Association, in accordance with law and pursuant to a Purchase Contract in form and substance submitted at this meeting, and dated January 20, 1992. The Mayor of said Issuer is hereby authorized and directed to execute said Purchase Contract on behalf of the Issuer. It is hereby found and determined by the City Council that the price and terms for the sale of the Bonds as set forth in said Purchase Contract are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of Texas Commerce Bank National Association.

Section 15. OFFICIAL STATEMENT. An Official Statement dated January 20, 1992 has been prepared in connection with the sale of the Bonds, in the form and substance submitted at this meeting. Said Official Statement and any supplement or addenda thereto have been and are hereby approved, their use in the offer and sale of the Bonds is hereby approved, and the Mayor is authorized and directed to execute the Official Statement on behalf of the Issuer. It is further officially found, determined, and declared that the statements and representations contained in said Official Statement are true and correct in all material respects, to the best knowledge and belief of the City Council. The distribution and use of the Preliminary Official Statement dated January 10, 1992, is hereby ratified and confirmed.

Section 16. REFUNDING OF OUTSTANDING BONDS. Concurrently with the delivery of the Bonds the Issuer shall deposit with NationsBank of Texas, N.A., Houston, Texas, as Escrow Agent, an amount from the proceeds from the sale of such Bonds sufficient, together with other available amounts, to refund all of the Refunded Bonds described in the preamble to this Ordinance which are being refunded with the proceeds of the Bonds, all in accordance with Section 7A of Vernon's Ann. Tex. St. Article 717k, as amended. It is hereby found and determined that the refunding of the

Refunded Bonds is advisable and necessary in order to achieve a debt service savings on the debt service payable on the Refunded Bonds on an actual and a present value basis of \$89,007 and \$62,299, respectively.

Section 17. ESCROW AGREEMENT. The Issuer hereby appoints NationsBank of Texas, N.A., Houston, Texas, as Escrow Agent in connection with the refunding of the Refunded Bonds. The Mayor and the City Secretary are authorized and directed to sign, seal and otherwise execute and deliver the Escrow Agreement in substantially the form and substance submitted at this meeting between the Issuer and the Escrow Agent, with the exhibits thereto to contain information concerning the escrow created under the Escrow Agreement that reflect financial results substantially similar to the report submitted at this meeting by Texas Commerce Bank National Association. The City Administrator is authorized hereby to take such steps as may be necessary to purchase the Escrowed Securities, as defined in such Escrow Agreement, on behalf of the Issuer and otherwise to create and fund the escrow fund contemplated by the Escrow Agreement through the use of the proceeds of the Bonds, the moneys and investments held in the funds securing the Refunded Bonds and other lawfully available moneys of the Issuer.

Section 18. PAYING AGENT AGREEMENT. The Issuer hereby appoints NationsBank of Texas, N.A., Houston, Texas as Paying Agent/Registrar for the Bonds authorized hereby. The Mayor and the City Secretary of the Issuer, are hereby authorized to execute and deliver on behalf of the Issuer a Paying Agent/Registrar Agreement, dated as of the date of delivery of the Bonds in substantially the form and substance presented at this meeting, between the Issuer and NationsBank of Texas, N.A., Houston, Texas.

Section 19. REDEMPTION OF REFUNDED BONDS. The Issuer hereby directs that the Refunded Bonds be called for redemption on the redemption date and at the redemption price set forth in the Notice of Redemption attached hereto as Exhibit A. The City Administrator is hereby authorized and directed to issue a Notice of Redemption of said Refunded Bonds to the Paying Agent/Registrar for said Refunded Bonds as shown in the Notice of Redemption, which notice is to be mailed or delivered so as to be received by said institution no later than March 1, 1996.

In addition, at least thirty (30) days prior to the redemption date, a Notice of Redemption in substantially the same form as attached hereto shall be sent by the Paying Agent/Registrar for the Refunded Bonds by United States Mail, first-class postage prepaid to the registered owner of each Refunded Bond to be redeemed on the redemption date in the manner required by the Ordinance authorizing said Refunded Bonds. The Refunded Bonds described in said Notice of Redemption shall be presented for redemption in accordance with said notice at the Paying Agent/Registrar for said Refunded Bonds as shown in the Notice of Redemption and shall not bear interest after the date provided for redemption. The Notice of Redemption to be issued shall be substantially in the form attached hereto as Exhibit "A". The City Administrator shall insure that the provisions of the ordinance authorizing the Refunded Bonds are complied with and shall make provisions with the Paying Agent/Registrar for the Refunded Bonds to have the notice described in the second paragraph of this Section mailed as required. In addition to the Notice of Redemption set forth in the authorizing ordinance, the Notice of Redemption shall also be given by mail, first-class postage prepaid to each

registered securities depository and to any national information service that disseminates redemption notices. Any notice sent to the registered securities depositories or such national information services shall be sent so that they are received at least two (2) days prior to the general mailing or publication date of such notice. The Notice of Redemption should also be sent to the registered owner of any Bond who has not sent the Bonds in for redemption sixty (60) days after the redemption date.

Section 20. FURTHER PROCEDURES. The Mayor, City Secretary and City Administrator of the Issuer, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the Purchase Contract, the Official Statement, the Paying Agent/Registrar Agreement, the Escrow Agreement or the redemption of the Refunded Bonds being called for redemption prior to their scheduled maturities. In case any officer whose signature appears on any Bond or other certificate shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery. In addition, the findings and recitals made in the preamble to this Ordinance are hereby incorporated herein and made a part of this Ordinance for all purposes.

Section 21. APPROPRIATION. There is hereby appropriated for transfer into the Interest and Sinking Fund, from available funds of the Issuer, moneys sufficient to pay the principal and interest coming due on the Bonds on April 1, 1992.

EXHIBIT A

NOTICE OF REDEMPTION

CITY OF VILLAGE OF JAMAICA BEACH, TEXAS

NOTICE IS HEREBY GIVEN that the City of Village of Jamaica Beach, Texas (the "City") has called for redemption on the date and at the redemption price specified, the below listed outstanding Bonds of the City as follows:

Village of Jamaica Beach, Texas General Obligation Bonds, Series 1985, dated July 1, 1985, maturing on April 1 in the years, in the amounts, at a redemption date, at a redemption price of par and accrued interest to the date fixed for redemption, at the interest rates, and with cusip numbers as follows:

<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>REDEMPTION DATE</u>	<u>REDEMPTION PRICE</u>	<u>INTEREST RATE</u>	<u>CUSIP NO.</u>
1997	\$ 80,000	April 1, 1996	100%	8.80%	
1998	90,000	April 1, 1996	100%	8.90	
1999	100,000	April 1, 1996	100%	9.00	
2000	110,000	April 1, 1996	100%	9.10	
2001	120,000	April 1, 1996	100%	9.20	
2002	130,000	April 1, 1996	100%	9.30	
2003	145,000	April 1, 1996	100%	9.40	
2004	160,000	April 1, 1996	100%	9.50	
2005	180,000	April 1, 1996	100%	9.50	
2006	200,000	April 1, 1996	100%	9.50	

aggregating \$1,315,000 in principal amount. Said Series 1985 Bonds shall be redeemed in whole at NationsBank of Texas, N.A., Dallas, Texas (the administrative offices of the successor to the original Paying Agent/Registrar, InterFirst Bank Houston, N.A., Houston, Texas, for said Series 1985 Bonds). Upon presentation of said Series 1985 Bonds at the place of payment referenced above on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date.

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing the place of payment of said Bonds, respectively (herein collectively called the "Securities") called for redemption with funds sufficient to pay the principal amount of said Securities and the interest thereon to the redemption date. In the event said Securities or any of them are not presented for redemption by the respective date fixed for their redemption, they shall not thereafter bear interest.

In compliance with the Interest and Dividend Tax Compliance Act of 1983, payers making payments of principal due on debt securities may be obligated to withhold 20% tax from

remittance to individuals who failed to provide such payer with a valid Taxpayer Identification Number. To avoid the imposition of this withholding tax, such Securities holder should submit a Certified Taxpayer Identification Number when surrendering the Securities for their respective redemption.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the aforementioned Securities respectively and in accordance with the recitals and provisions of each of said Securities, respectively.

NOTICE IS FURTHER GIVEN THAT the Securities of each respective issue, should be submitted to either of the following addresses:

In Person:

By Mail:

NationsBank of Texas, N.A.

NationsBank of Texas, N.A.

Dallas, Texas

Dallas, Texas

WITNESS MY OFFICIAL SIGNATURE, this 20th day of January, 1992.

/s/Sharon Turnley
City Administrator, Village of
Jamaica Beach, Texas

(SEAL)