

CERTIFICATE FOR ORDINANCE NO. 03-32

**THE STATE OF TEXAS
COUNTY OF HUNT
CITY OF COMMERCE**

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

1. The City Council of the City convened in a REGULAR MEETING ON THE 18TH DAY OF NOVEMBER, 2003, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Sheryl Zelhart, Mayor
Penny Belcher, Mayor Pro Tem
Lana Biggerstaff Adams
Quay Throgmorton
Kay Sanders

Marty Cunningham, City Secretary

and all of the persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

ORDINANCE NO. 03-32 AUTHORIZING THE ISSUANCE OF CITY OF COMMERCE, TEXAS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2003, AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT, ESCROW AGREEMENT AND PAYING AGENT/REGISTRAR AGREEMENT, AND APPROVING AN OFFICIAL STATEMENT AND OTHER MATTERS IN CONNECTION THEREWITH

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

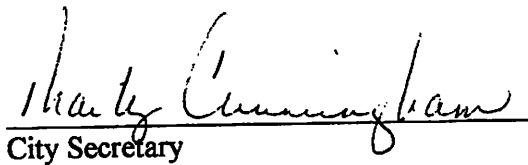
AYES: All members of said Council shown present above voted "Aye," except as noted below:

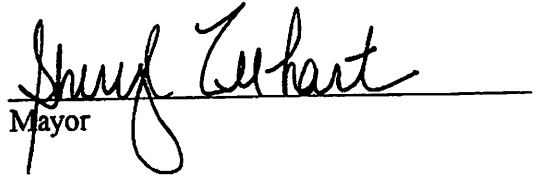
NOES: NONE

ABSTAIN: NONE

3. 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 the Ordinance has been duly recorded in the Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Council's minutes of the Meeting pertaining to the passage of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Council as indicated therein; that each of the officers and members of the Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Ordinance would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public and public notice of the time, place and purpose of the Meeting as given, all as required by Chapter 551, Government Code.

SIGNED this, the 18th day of November, 2003


City Secretary


Mayor

ORDINANCE OF THE CITY OF COMMERCE, TEXAS

AUTHORIZING THE ISSUANCE OF

**CITY OF COMMERCE, TEXAS
GENERAL OBLIGATION IMPROVEMENT AND
REFUNDING BONDS, SERIES 2003**

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ORDINANCE NO. 03-32 AUTHORIZING THE ISSUANCE OF CITY OF COMMERCE, TEXAS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2003, AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT, ESCROW AGREEMENT AND PAYING AGENT/REGISTRAR AGREEMENT, AND APPROVING AN OFFICIAL STATEMENT AND OTHER MATTERS IN CONNECTION THEREWITH

**THE STATE OF TEXAS
COUNTY OF HUNT
CITY OF COMMERCE**

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WHEREAS, on the date of the adoption of this Ordinance by the City Council of the City of Commerce, Texas (the "Issuer"), the Issuer has the following bonds outstanding (the "Series 1994 Bonds"), which mature on February 15 in each of the years and in the amounts shown below:

**City of Commerce, Texas
General Obligation Bonds, Series 1994**

<u>Maturity</u>	<u>Outstanding Amount</u>
2004	\$125,000
2005	265,000
2006	280,000
2007	295,000
2008	315,000
2009	335,000
2010	355,000

all of which are secured by the full faith and credit of the Issuer and a pledge by the Issuer to levy ad valorem taxes, within the limit prescribed by law, to pay principal of and interest thereon as such bonds become due (being part of the Issuer's outstanding tax-supported debt); and

WHEREAS, the Issuer now desires to refund the Series 1994 Bonds maturing in the years 2004 through 2010, inclusive, in the aggregate principal amount of \$1,970,000 (the "Refunded Bonds"); and

WHEREAS, V. T. C. A. Government Code, Chapter 1207, as amended ("Chapter 1207"), authorizes the Issuer to enter into an escrow agreement with any such trust company or commercial bank with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such trust company or commercial bank may agree, provided that, in accordance with the ordinance authorizing the issuance of the Refunded Bonds such deposit may be invested and reinvested including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the Refunded Bonds; and

WHEREAS, The Bank of New York Trust Company of Florida, N.A., Dallas, Texas is the paying agent for the Refunded Bonds; and

WHEREAS, the City Council of the Issuer (the "City Council") hereby finds and declares a public purpose and it is in the best interest of the issuer to refund the Refunded Bonds and deems it advisable to refund the Refunded Bonds in order to restructure the debt service requirements of the Issuer to achieve a tax rate within the range represented to the voters, which refunding results in a gross debt service loss of \$1,327,133.43 (which gross debt service loss is the maximum amount by which the aggregate amount of payments to be made under the portion of the bonds authorized hereby (the "Bonds") that are allocated for the purpose of refunding the Refunded Bonds exceeds the aggregate amount of payments that would have been made under the terms of the Refunded Bonds) and a present value debt service loss of \$21,317.69; and

WHEREAS, all 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, at an election in the Issuer held on September 13, 2003 in accordance with the provisions of V. T. C. A. Government Code, Chapter 1251, as amended ("Chapter 1251"), the voters of the Issuer approved the following bond propositions:

<u>Proposition Number</u>	<u>Purpose</u>	<u>Bonds Authorized</u>
Proposition 1	Tax bonds for a public safety complex	\$2,750,000
Proposition 2	Tax bonds for a city hall	\$2,200,000
Proposition 3	Tax bonds for street improvements	\$1,000,000

and the issuance of the Bonds represents the use of all of the authorization from said propositions; and

WHEREAS, Chapter 1207 authorizes the Issuer to authorize, issue and deliver said voted bonds in conjunction with the issuance of the refunding bonds hereinafter authorized; and

WHEREAS, the bonds hereafter authorized are being issued and delivered pursuant to said Chapter 1207, Chapter 1251 and V. T. C. A. Government Code, Chapter 1331, as amended.

THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COMMERCE:

Section 1. AMOUNT AND PURPOSE OF THE BONDS. The City Council of the Issuer hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that said recitals are true and correct. The bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of \$8,190,000 FOR THE

PURPOSE OF PROVIDING FUNDS TO (i) TO REFUND THE ISSUER'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES 1994 AND (ii) FOR THE CONSTRUCTION OF A CITY HALL, A PUBLIC SAFETY BUILDING AND STREET IMPROVEMENTS IN THE ISSUER.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF BONDS. Each bond issued pursuant to this Ordinance for the purpose described in Section 1 above shall be designated: "CITY OF COMMERCE, TEXAS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND, SERIES 2003" (the "Bonds"), and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated November 15, 2003, in the principal amount stated in Section 1 above and in the denominations hereinafter stated, numbered T-1, with bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial bond being payable to the Purchaser designated in Section 14 hereof), or to the registered assignee or assignees of said bonds or any portion or portion thereof (in each case, the "Registered Owner"). The Bonds shall mature, subject to redemption prior to maturity, on August 15 in the years and in the principal amounts and shall bear interest at the interest rates set forth below, with the interest on each Bond accruing on the basis of a 360-day year of twelve 30-day months from November 15, 2003 or the most recent interest payment date to which interest has been paid or provided for. Interest on the Bonds shall be payable semiannually on February 15 and August 15 of each year until the principal amount shall have been paid or provision for such payment shall have been made, commencing February 15, 2005, as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2006	\$ 95,000	4.000%	2017	\$380,000	4.000%
2007	115,000	4.000	2018	400,000	4.125
2008	130,000	4.000	2019	415,000	4.200
2009	150,000	4.000	2020	435,000	4.300
2010	170,000	4.000	2021	455,000	4.400
2011	185,000	4.000	2022	475,000	4.450
2012	235,000	4.000	2023	495,000	4.500
2013	255,000	4.000	2024	515,000	4.550
2014	280,000	3.600	* * *		
2015	320,000	3.750	2026	1,105,000	4.650
2016	370,000	3.875	* * *		
			2028	1,210,000	4.700

Section 3. CHARACTERISTICS OF THE BONDS. (a) The Issuer shall keep or cause to be kept at the principal corporate trust office of The Bank of New York Trust Company of Florida, N.A., Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer and exchange of the Bonds (the "Registration Bonds"), 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 Section 5 of 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 Section 5 of this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) 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, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to V. T. C. A. Government Code, Chapter 1201, Subchapter D, 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 of the State of Texas (the "Comptroller").

(b) 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.

(c) 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) may not be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Bonds, (v) may or shall be redeemed prior to their scheduled maturities, (vi) shall have the characteristics, (vii) shall be signed, sealed, executed and authenticated, (viii) the principal of and interest on the Bonds shall be payable, and (ix) 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 Section 5 of this Ordinance. The Bond initially issued and delivered pursuant to this Ordinance is 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.

(d) 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 entity 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 45 days written notice to the Paying Agent/Registrar, to be effective not later than 30 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.

(e) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar

described above, the Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(f) Each notice of redemption given by the Paying Agent/Registrar, whether required in the FORM OF BOND or in this Section, shall contain a description of the Bonds to be redeemed including the complete name of the Bonds, the Series, the interest rate, the maturity date, the CUSIP number, if any, the amounts called of each maturity, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Bonds may be redeemed.

(g) On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchaser or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC (as defined below) on behalf of the Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

Section 4. DTC REGISTRATION. The Bonds initially shall be issued and delivered in such manner that no physical distribution of the Bonds will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Bonds. DTC has represented that it is a limited purpose trust company incorporated under the law of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the Issuer accepts, but in no way verifies, such representations. Immediately upon initial delivery of the Bonds which are payable to the initial purchaser, the Paying Agent/Registrar shall cancel such Bonds, and substitute Bonds shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Bonds on behalf of the initial purchasers and their respective participants. So long as each Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Bonds in integral amounts of \$5,000, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Bonds except as hereinafter provided. The Issuer is not responsible or liable for any function of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish

this book-entry system, the beneficial ownership of the Bonds, and the method of paying the fees and charges of DTC. The Issuer does not represent, nor does it in any respect covenant that the initial book-entry system establishment with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Bonds will be duly delivered as provided in this Ordinance, and there will be no assurance or representation that any book-entry system will be maintained for such Bonds. To effect the establishment of the foregoing book-entry system, the Mayor and City Secretary of the Issuer are hereby authorized to execute the "DTC Letter of Representation" in the form provided by DTC to evidence the Issuer's intent to establish said book-entry system.

Section 5. FORM OF BOND. The form of the Bond, 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.

(a) [Form of Bond]

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF COMMERCE, TEXAS GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND, SERIES 2003	PRINCIPAL AMOUNT \$ _____
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<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
	November 15, 2003	August 15, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE CITY OF COMMERCE, TEXAS, in Hunt County (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from November 15, 2003 at the Interest Rate per annum specified above. Interest is payable on February 15, 2005 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond

is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

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 trust office of The Bank of New York Trust Company of Florida, N.A., Dallas, 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 Ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date or date established for the redemption of this Bond prior to maturity, interest payment date, and accrued 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 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 principal corporate trust 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 dated November 15, 2003, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$8,190,000 FOR THE PURPOSE OF PROVIDING FUNDS TO (i) TO REFUND THE ISSUER'S OUTSTANDING GENERAL OBLIGATION BONDS, SERIES 1994 AND (ii) FOR THE CONSTRUCTION OF A CITY HALL, A PUBLIC SAFETY BUILDING AND STREET IMPROVEMENTS IN THE ISSUER.

THE BONDS OF THIS SERIES maturing on August 15 in each of the years 2026 and 2028 are subject to mandatory redemption prior to maturity in part at random, by lot or other customary method selected by the Paying Agent/Registrar, at par plus accrued interest to the redemption date, and without premium, with funds on deposit in the Interest and Sinking Fund. Such Bonds shall be redeemed by the Paying Agent/Registrar on August 15 in each of the years and in the principal amounts, respectively, as are set forth in the following schedule:

<u>Bonds Maturing 8/15/2026</u>		<u>Bonds Maturing 8/15/2028</u>	
<u>Redemption</u>	<u>Principal</u>	<u>Redemption</u>	<u>Principal</u>
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
8/15/2025	\$540,000	8/15/2027	\$590,000
8/15/2026	565,000	8/15/2028	620,000

* Final maturity.

The principal amount of the Bonds required to be redeemed pursuant to the operation of such mandatory sinking fund shall be reduced by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been purchased by the Issuer and delivered to the Paying Agent/Registrar for cancellation or (ii) redeemed pursuant to the optional redemption provision described below and not theretofore credited against a mandatory sinking fund requirement.

IN ADDITION TO THE FOREGOING, ON August 15, 2013 or on any date thereafter, the Bonds of this series maturing on August 15, 2014 or thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

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 45th day prior to such redemption date and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure to of the registered owner to 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. 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 that are to be so redeemed. If such written notice of redemption is sent to the registered owners and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that 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 aggregate 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 principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 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 integral multiple of \$5,000 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 Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Bond or portion thereof shall be paid by the Issuer, but 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 to make any such transfer or exchange (i) with respect to Current Interest Bonds, 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 30 days prior to its redemption date.

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 Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to

be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that the Bonds of this series issued for the construction of the Issuer's city hall, public safety complex and streets have been duly voted and 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 have been levied and ordered levied within the limit prescribed by law to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures or is paid upon redemption prior to maturity.

THE ISSUER has reserved the right, subject to the restrictions referred to in the Bond Ordinance to amend the provisions of the Bond Ordinance under the conditions provided in the Bond Ordinance.

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 WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Mayor of the Issuer, and countersigned with the manual or facsimile signature of the City Secretary of the Issuer, and the official seal of the Issuer has been duly impressed, or placed in facsimile, on this Bond.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) [Form of Registration Certificate Of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.:

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

Witness my signature and seal this

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(c) [Form of Paying Agent/Registrar's Authentication Certificate]

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

The Bank of New York Trust Company of Florida, N.A.
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(d) [Form of Assignment]

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

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

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

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by 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 whatsoever.

(e) [Initial Bond Insertions]

(i) The Initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF COMMERCE, TEXAS, in Hunt County (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on August 15 in

the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information from Section 2 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from November 15, 2003 at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2005 and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

Section 7. TAX LEVY. A special "Interest and Sinking Fund" is hereby created and 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 accrued interest received from the initial purchaser of the Bonds and all ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds are outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax that 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 the Bonds as such principal matures or is redeemed prior to maturity (but never less than 2% of the original amount of the Bonds as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. The 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 are outstanding and unpaid, and the tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. The 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 8. 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 8, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the 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 Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 8(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 8(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar 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 Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America., (ii) noncallable obligations of an agency or instrumentality of the United States 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 Issuer 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.

(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.

(e) In the event that the Issuer 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.

Section 9. 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. 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 that is then continuing in the payment of the principal of 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 V. T. C. A. Government Code, Chapter 1201, Subchapter D, this Section 9 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 3(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; ENGAGEMENT OF BOND COUNSEL AND BOND COUNSEL'S OPINION; CUSIP NUMBERS. The Mayor of the Issuer (the "Mayor") 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. Upon registration of the Bonds the Comptroller (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds.

The obligation of the initial purchaser to accept delivery of the Bonds is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bonds is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor, and the Mayor is hereby authorized to execute such engagement letter.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (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 or the projects financed therewith (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 or the projects financed therewith are so used, such 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 or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that 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 that 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 that 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 that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that 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 90 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 1.148-1(b) of the Treasury Regulations, and

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

(g) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise

contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

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

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

For purposes of the foregoing (a) and (b), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the 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 rulings are hereafter promulgated that 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 that impose additional requirements that 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. In furtherance of such intention, the Issuer hereby authorizes and directs the Superintendent to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

Section 12. DISPOSITION OF PROJECT. The Issuer covenants that the property being financed or refinanced with the Bonds for the purposes described in Section 1 of this Ordinance and the property being refinanced through the refunding portion of the issue (the "Project") will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel that such failure to comply will not

adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 13. ALLOCATION OF, AND LIMITATION ON, EXPENDITURES FOR THE PROJECT. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the Project on its books and records in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Issuer agrees to obtain the advise of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 14. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to RBC Dain Rauscher Inc. (the "Underwriter"), at a price of \$8,195,367.65 (which represents the par amount of the Bonds, plus an aggregate net original issue premium on the Bonds of \$13,051.55, less an underwriter discount of \$57,659.65, and plus accrued interest on the Bonds of \$49,975.75), pursuant to the terms and provisions of a Bond Purchase Agreement that the Mayor is hereby authorized to execute and deliver and that the City Secretary of the Issuer is hereby authorized to attest. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of RBC Dain Rauscher Inc.

Section 15. APPROVAL OF OFFICIAL STATEMENT. The Issuer hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriters in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement dated November 13, 2003, prior to the date hereof is hereby ratified and confirmed.

Section 16. FURTHER PROCEDURES. The Mayor, Mayor Pro-tem (in the absence of the Mayor), City Secretary, City Manager, Director of Finance 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 corporate seal and on behalf of the Issuer, the Paying Agent/Registrar Agreement with the Paying Agent/Registrar, the Escrow Agreement (defined below) and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Letter of Representation with DTC, the Bonds, the sale of the Bonds and the Official Statement.

Notwithstanding anything to the contrary contained herein, while the Bonds are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representation is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 17. COMPLIANCE WITH RULE 15c2-12.

(a) Annual Reports. (i) The Issuer shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year ending in or after 2003, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by Section 15 of this Ordinance, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit A hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such 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 such period, then the Issuer shall provide unaudited financial statements by the required time and will provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

(ii) If the Issuer changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(b) Material Event Notices. The Issuer shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and

11. Rating changes.

The Issuer shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the Issuer to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection.

(c) Limitations, Disclaimers, and Amendments. (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give the notice required by Subsection (b) hereof of any Bond calls and defeasance that cause the Issuer to no longer be such an "obligated person".

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

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

(v) The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required

by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

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

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

Section 18. INTEREST EARNINGS AND PREMIUM ON BOND PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds that are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section. The original issue premium, in the amount of \$13,051.55 paid to the Issuer by the purchaser of the Bonds shall be deposited to the escrow fund created by the Escrow Agreement authorized by Section 22 of this Ordinance.

Section 19. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (v) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (iv) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, a majority (51%) of the holders of the Bonds outstanding in principal amount and maturity value that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of all of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the outstanding Bonds;
- (2) Reduce the rate of interest borne by or accreting with respect to any of the outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate in principal amount and maturity value of all of the Bonds then outstanding that are required for the

amendment, which instrument or instruments shall refer to the proposed amendment and shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate in principal amount and maturity value of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

For the purposes of establishing ownership of the Bonds, the Issuer shall rely solely upon the registration of the ownership of such bonds on the registration books kept by the Paying Agent/Registrar.

Section 20. INCONSISTENT PROVISIONS AND SEVERABILITY. All indentures, ordinances or resolutions, or parts thereof, that are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

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

Section 21. GOVERNING LAW. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 22. APPROVAL OF ESCROW AGREEMENT. The Mayor is hereby authorized to execute and deliver, and the City Secretary of the Issuer is hereby authorized to attest the signature of the President, an Escrow Agreement in the form presented to the City Council at the meeting at which this Ordinance was adopted. In addition, the Mayor and the City Manager of the Issuer, or either of them, are authorized to purchase such federal securities, execute such subscriptions for the purchase of legal investments for deposit, with cash as may be necessary to fund the Escrow Fund created by the Escrow Agreement to discharge the Refunded Bonds in accordance with applicable law.

Section 23. NOTICE OF REDEMPTION OF REFUNDED BONDS.

(i) The Issuer hereby directs that the Refunded Bonds be called for redemption prior to maturity at the redemption price of par and accrued interest on February 15, 2004.

(ii) The paying agent for the Refunded Bonds (the "Old Paying Agent") is directed to mail and publish the appropriate notice of redemption as required by the ordinance authorizing the Refunded Bonds. A suggested form of the Notice of Redemption is attached hereto as Exhibit B.

(iii) The Old Paying Agent is hereby directed to make appropriate arrangements so that the Refunded Bonds may be redeemed on the redemption date.

Section 24. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. 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 obligations that 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 11, hereof, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

Section 25. CONTINUED PERFECTION OF SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the Issuer under Section 7 of this Ordinance, 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 taxes granted by the Issuer under Section 7 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in Ordinance to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Exhibit A

NOTICE OF REDEMPTION

CITY OF COMMERCE, TEXAS

NOTICE IS HEREBY GIVEN that the City of Commerce, 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:

City of Commerce, Texas General Obligation Bonds, dated May 15, 1994, bearing interest at the rates shown below and maturing on February 15 in the years and in the amounts shown below. Such Bonds have been called for redemption on February 15, 2004 at the redemption price of par and accrued interest to the date fixed for redemption:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>CUSIP Number</u>	<u>Interest Rate</u>
2005	\$265,000	200723 CX 0	5.50%
2006	280,000	200723 CY 8	5.60
2007	295,000	200723 CZ 5	5.75
2008	315,000	200723 DA 9	5.80
2009	335,000	200723 DB 7	5.85
2010	355,000	200723 DC 5	5.85

aggregating \$1,845,000 in principal amount. Said Series 1994 Bonds shall be redeemed in whole at Bank of New York Trust Company of Florida, N.A., Dallas, Texas, the Paying Agent/Registrar for said Series 1994 Bonds. Upon presentation of said Series 1994 Bonds at the Paying Agent/Registrar 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.

If due and proper arrangements have been made for providing the place of payment of said Series 1994 Bonds called for redemption with funds sufficient to pay the principal amount of said Series 1994 Bonds and the interest thereon to the redemption date, then the Series 1994 Bonds shall be redeemed as provided herein. In that event, and in the further event said Series 1994 Bonds or any of them are not presented for redemption by the date fixed for their redemption, they shall not thereafter bear interest.

CITY OF COMMERCE, TEXAS

/s/ Sheryl Zelhart

Mayor

Exhibit B

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 17(a) of this Ordinance:

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified (and included in the Appendices of the Official Statement referred to) below:

The quantitative financial information and operating data pertaining to the Issuer of the general type that is included in Tables 1 through 6 and 8 through 15 of the Official Statement.

The financial statements of the Issuer that will be provided will be unaudited, unless an audit is performed, in which event the audited financial statements will be made available.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements that are attached to the Official Statement as Appendix B, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation.

DEBT INFORMATION

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year	Outstanding Debt ⁽¹⁾			The Bonds			Total Debt Service Requirements	Less: Self Supported Debt Service	Net Debt Service Requirements	% of Principal Retired
Ending 9/30	Outstanding Principal	Outstanding Interest	Total	Principal	Interest	Total				
2004	\$ 285,000	\$ 155,218	\$ 440,218				\$ 440,218	\$ 333,095	\$ 107,123	
2005	165,000	91,573	256,573		\$ 617,348	\$ 617,348	873,920	342,102	531,818	
2006	170,000	86,548	256,548	\$ 95,000	352,770	447,770	704,318	341,486	362,832	6.44%
2007	170,000	81,448	251,448	115,000	348,970	463,970	715,418	330,680	384,738	
2008	180,000	76,198	256,198	130,000	344,370	474,370	730,568	337,071	393,497	
2009	180,000	70,618	250,618	150,000	339,170	489,170	739,788	330,461	409,326	
2010	195,000	64,447	259,447	170,000	333,170	503,170	762,617	340,569	422,048	
2011	195,000	57,622	252,622	185,000	326,370	511,370	763,992	332,326	431,665	21.50%
2012	205,000	50,244	255,244	235,000	318,970	553,970	809,214	335,876	473,338	
2013	215,000	42,100	257,100	255,000	309,570	564,570	821,670	338,478	483,192	
2014	225,000	33,300	258,300	280,000	299,370	579,370	837,670	337,798	499,872	
2015	230,000	24,200	254,200	320,000	289,290	609,290	863,490	334,253	529,237	
2016	240,000	14,800	254,800	370,000	277,290	647,290	902,090	335,233	566,857	44.70%
2017	250,000	5,000	255,000	380,000	262,953	642,953	897,953	335,632	562,320	
2018				400,000	247,753	647,753	647,753	80,672	567,080	
2019				415,000	231,253	646,253	646,253	80,548	565,705	
2020				435,000	213,823	648,823	648,823	80,254	568,568	
2021				455,000	195,118	650,118	650,118	79,787	570,331	65.75%
2022				475,000	175,098	650,098	650,098	81,627	568,470	
2023				495,000	153,960	648,960	648,960	80,682	568,278	
2024				515,000	131,685	646,685	646,685	-	646,685	
2025				540,000	108,253	648,253	648,253	-	648,253	
2026				565,000	83,143	648,143	648,143	-	648,143	
2027				590,000	56,870	646,870	646,870	-	646,870	
2028				620,000	29,140	649,140	649,140	-	649,140	100.00%
	<u>\$ 2,905,000</u>	<u>\$ 853,313</u>	<u>\$ 3,758,313</u>	<u>\$ 8,190,000</u>	<u>\$ 6,045,703</u>	<u>\$ 14,235,703</u>	<u>\$ 17,994,015</u>	<u>\$ 5,188,631</u>	<u>\$ 12,805,384</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations.

EXHIBIT A