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**ORDINANCE AMENDING
an
ORDINANCE OF THE CITY COUNCIL
of
THE CITY OF COMMERCE, TEXAS**

AUTHORIZING THE ISSUANCE OF

**CITY OF COMMERCE, TEXAS
CERTIFICATE OF OBLIGATION
SERIES 2006**

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ORDINANCE AMENDING AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE
OF CITY OF COMMERCE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF
OBLIGATION, SERIES 2006, AND ENACTING OTHER PROVISIONS RELATED THERETO

THE STATE OF TEXAS
COUNTY OF HUNT
CITY OF COMMERCE

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WHEREAS, the City Council of the City of Commerce, Texas (the "Issuer") adopted an ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF COMMERCE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2006, AND ENACTING OTHER PROVISIONS RELATED THERETO on March 21, 2006 (the "Original Ordinance"); and

WHEREAS, due to the failure of JPMorgan Chase Bank, N.A., the Registered Owner and Paying Agent/Registrar of the Certificate ("JPMorgan") to properly invoice the Issuer for amounts owing with respect to the Certificate, the Issuer has paid less than the amount owing on the Certificate under the terms thereof, having paid only the invoiced amount; and

WHEREAS, to rectify the underpayment of past payments owing with respect to the Certificate and to make other changes to the Certificate requested by JPMorgan, the City Council of the Issuer deems it appropriate and in the best interest of the Issuer to amend the Original Ordinance to effect changes in the terms of the Certificate; and

WHEREAS, pursuant to Section 21 of the Original Ordinance, the Issuer has received an instrument executed by such Registered Owner, which instrument refers to the following amendments and specifically consents to and approves such amendments; and

WHEREAS, it is hereby officially found, determined and declared that the meeting at which this Ordinance has been adopted was open to the public, and public notice of the date, hour, place and subject of said meeting, including this Ordinance, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code.

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

1. 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.

2. The Original Ordinance is hereby amended in its entirety to read as follows:

**ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF COMMERCE,
TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES
2006, AND ENACTING OTHER PROVISIONS RELATED THERETO**

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

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WHEREAS, the City Council (the "City Council") of the City of Commerce, Texas (the "Issuer") deems it advisable to issue a Certificate of Obligation in the amount of \$510,000 (the "Certificate") for paying all or a portion of the Issuer's contractual obligations incurred for (1) the acquisition, construction and improvement of, or the completion of the construction of, public facilities in the Issuer, to wit: (a) a public safety complex, (b) a city hall and (c) street improvements; and (2) the payment of legal, fiscal and engineering fees in connection with such projects; and

WHEREAS, the Certificate hereinafter authorized and designated is to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code, as amended (the "Act"); and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the County Clerk to give notice of intention to issue Certificates of Obligation; and

WHEREAS, said notice has been duly published in a newspaper of general circulation in the Issuer, said newspaper being a "newspaper" as defined in §2051.044, Texas Government Code; and

WHEREAS, the Issuer received no petition from the qualified electors of the Issuer protesting the issuance of such Certificates of Obligation; and

WHEREAS, it is considered to be to the best interest of the Issuer that an interest bearing Certificate of Obligation be issued.

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

Section 1. DEFINITIONS. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Ordinance, or any Ordinance amendatory or supplemental hereto, shall be construed, are used, and are intended to have meanings as follows:

"Act" - Subchapter C of Chapter 271, Local Government Code and Chapter 1502, Government Code, as amended.

"Bond Counsel" - McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer.

"Business Day" - Any day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the State or in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close.

"Certificate" - The "City of Commerce, Texas Combination Tax and Revenue Certificate of Obligation, Series 2006," dated April 1, 2006, authorized by this Ordinance. "Certificate" shall mean and include collectively the Certificate initially issued and delivered pursuant to this Ordinance and all substitute Certificates exchanged therefor, as well as all other substitute Certificates and replacement Certificates issued pursuant hereto, and the term "Certificate" shall mean any of such Certificates.

"City Council" - The City Council of the Issuer.

"Code" - The Internal Revenue Code of 1986, and any amendments thereto.

"Issuer" - City of Commerce, Texas a duly incorporated home rule municipality and political subdivision of the State.

"Ordinance" - This ordinance and all amendments hereof and supplements hereto.

"Paying Agent/Registrar" - The bank, trust company, financial institution or other entity so named in accordance with the provisions of Section 4 of this Ordinance.

"Purchaser" - The initial purchaser of the Certificate designated in Section 17.

"Project" - Collectively, those public improvements for the Issuer being financed with the proceeds of the Certificate, to wit: to pay all or part of the Issuer's contractual obligations incurred for (1) the acquisition, construction and improvement of, or the completion of the construction of, public facilities in the Issuer, to wit: (a) a public safety complex, (b) a city hall and (c) street improvements; and (2) the payment of legal, fiscal and engineering fees in connection with such projects.

"Registered Owner" - The registered owner of the Certificate from time to time as shown in the books kept by the Paying Agent/Registrar as bond registrar and transfer agent.

"State" - The State of Texas.

Section 2. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATE. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Certificate is hereby authorized to be issued and delivered in the aggregate principal amount of \$510,000 FOR THE PURPOSE OF FOR PAYING ALL OR A PORTION OF THE ISSUER'S CONTRACTUAL OBLIGATIONS INCURRED WITH RESPECT TO THE ACQUISITION AND CONSTRUCTION OF THE PROJECT.

Section 3. DESIGNATION, DATE, NUMBERS, AND MATURITY OF CERTIFICATE. The Certificate issued pursuant to this Ordinance shall be designated: "CITY OF COMMERCE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2006," and there shall be issued, sold, and delivered hereunder one fully registered Certificate, without interest coupons, dated April 1, 2006 and finally maturing August 15, 2026, with principal payable in installments on the dates and in the manner specified in the FORM OF CERTIFICATE. The Certificate shall be issued in the principal amount stated above, and shall be numbered R-1, with any Certificate issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable to the Registered Owner thereof, or to the registered assignee of said Certificate (in each case, the "Registered Owner"). The Certificate shall bear interest from the delivery date specified in the FORM OF CERTIFICATE, at the rate specified in the FORM OF CERTIFICATE. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CERTIFICATE. In addition to the amount payable on February 15, 2012 in accordance with the provisions of this Ordinance, to wit: \$6,355.03, the Issuer shall pay \$12,767.19 in deferred interest on February 15, 2012 owing to the certificateholder as a result of amounts under billed to the Issuer by the Paying Agent/Registrar's failure to properly invoice the Issuer for amounts owing with respect to the Certificate.

Section 4. CHARACTERISTICS OF THE CERTIFICATE.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the office of JPMorgan Chase Bank, N.A., Greenville, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer of the Certificate (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 under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations and transfers as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Certificate to which payments with respect to the Certificate shall be mailed, as herein provided; but it shall be the duty of the 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. 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 Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration and transfer of a substitute Certificate. Registration of assignments and transfers of the Certificate shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

Except as provided in Section 4(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such

Certificate is so executed. The Paying Agent/Registrar promptly shall cancel a Certificate surrendered for transfer or the Certificate when paid in full. 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 of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificate in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Certificate as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, said Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificate which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Certificate 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 Certificate, 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 Certificate and shall properly and accurately record all payments on the Certificate on the Registration Books, and shall keep proper records of all transfers of the Certificate, and all replacements of the Certificate, as provided in this Ordinance. 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 the 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.

(c) In General. The Certificate (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificate to be payable only to the Registered Owner thereof, (ii) may and shall be redeemed prior to its scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 45 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Certificate shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificate, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificate 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 Certificate issued in exchange for any Certificate the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF CERTIFICATE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Certificate that at all times while the Certificate is 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 Certificate 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 40 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 Certificate, 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 the Registered Owner of the Certificate, 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) On the closing date, the initial Certificate No. R-1 representing the entire principal amount of the Certificate, payable to the Purchaser, executed by manual or facsimile signature of the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) 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, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to the Purchaser or its designee.

Section 5. FORM OF CERTIFICATE. The form of the Certificate, 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 to the Certificate 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 CERTIFICATE

NO. R-__

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF COMMERCE, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2006

PRINCIPAL
AMOUNT
\$_____

DATE OF DELIVERY: April 20, 2006

REGISTERED OWNER:

PRINCIPAL AMOUNT:

THE CITY OF COMMERCE, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest thereon (calculated on the basis of a 360-day year of twelve 30-day months) from the Date of Delivery set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rate of 4.31% per annum through October 20, 2011 and at a rate of 4.06% per annum thereafter. Interest is payable on February 15, 2007 and semiannually on each August 15 and February 15 thereafter to the date of maturity, or the date of redemption prior to maturity. The principal of this Certificate shall finally mature on August 15, 2026, but shall be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Dates</u>	<u>Principal Installment</u>	<u>Payment Dates</u>	<u>Principal Installment</u>
8-15-2007	\$10,000	8-15-2017	\$40,000
8-15-2008	10,000	8-15-2018	40,000
8-15-2009	0	8-15-2019	40,000
8-15-2010	0	8-15-2020	40,000
8-15-2011	0	8-15-2021	40,000
8-15-2012	0	8-15-2022	40,000
8-15-2013	0	8-15-2023	40,000
8-15-2014	30,000	8-15-2024	40,000
8-15-2015	30,000	8-15-2025	40,000
8-15-2016	30,000	8-15-2026	40,000

The principal of and interest on this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The last principal installment of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of JPMorgan Chase Bank, N.A., Greenville, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of all other principal installments of and interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance adopted by the Issuer for the purpose of authorizing the issuance of this Certificate (the "Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft 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 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, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

Any accrued interest due in connection with the payment of the final installment of principal of this Certificate shall be paid to the registered owner upon presentation and surrender of this Certificate for payment or redemption at the designated corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on this Certificate, when due.

If the date for the payment of this Certificate shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is dated as of April 1, 2006 and is authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$510,000 for the purpose of providing funds to acquire, purchase, construct, improve, renovate, enlarge, equip, operate, and/or maintain the Project (as defined in the Ordinance).

On any date after August 15, 2015, the unpaid principal installments of this Certificate are subject to redemption, and may be redeemed prior to the scheduled due dates by the Issuer, in an amount of not less than \$5,000, at a redemption price equal to 105% of the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption. The Issuer shall give written notice of its direction to redeem the principal installments of this Certificate to the Paying Agent/Registrar and the registered owner of this Certificate by United States mail, first-class postage prepaid, no later than 30 days prior to the date of redemption.

This Certificate is issuable solely as a single fully registered Certificate, without interest coupons in the denomination of \$510,000 or the remaining principal amount of the outstanding Certificates of this series if an exchange of a Certificate is made after a reduction in the principal amount of the series, either by a payment of a scheduled installment of principal or as a result of redemption of part of the Certificates prior to maturity (the "Authorized Denomination"). As provided in the Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned and transferred for a like aggregate principal amount Certificate, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, in the Authorized Denomination, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Certificate must be

presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate to the assignee this Certificate is to be registered. The form of Assignment printed or endorsed on this Certificate 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 Certificate from time to time by the registered owner. In the case of the assignment and transfer of this Certificate, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment and transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer 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.

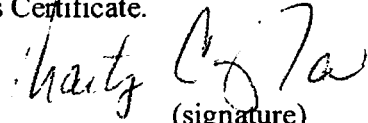
In the event any Paying Agent/Registrar for this Certificate is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed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

It is hereby certified, recited, and covenanted that this Certificate 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 Certificate have been performed, existed, and been done in accordance with law; that this Certificate is a general obligation of the Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, 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, and that this Certificate is additionally secured by and payable from a pledge of the revenues of the Issuer's combined Waterworks and Sewer Systems remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of said revenues, all as provided in the Ordinance.

The Issuer has reserved the right, subject to the restrictions referred to in the Ordinance, to amend the provisions of the Ordinance under the conditions provided in the Ordinance.

By becoming the registered owner of this Certificate, the registered owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the 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 Certificate and the Ordinance constitute a contract between each registered owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) of the Issuer and countersigned with the manual or facsimile signature of the City Secretary of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.


(signature)

City Secretary


(signature)

Mayor

(SEAL)

(b) FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Certificate 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 Certificate has been issued under the provisions of the Ordinance described in the text of this Certificate; and that this Certificate has been issued in replacement of, or in exchange for, a Certificate 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

JPMorgan Chase Bank, N.A., Greenville, Texas
Paying Agent/Registrar

By _____
Authorized Representative

(c) 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 an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(d) FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS:

COMPTROLLER'S REGISTRATION CERTIFICATE

OFFICE OF THE COMPTROLLER	§	
OF PUBLIC ACCOUNTS	§	REGISTER NO. _____
OF THE STATE OF TEXAS	§	

I hereby certify that this Certificate has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Certificate 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)

Section 6. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Certificate, 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 Certificate. All ad valorem taxes levied and collected for and on account of the Certificate shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while the Certificate or interest thereon are outstanding and unpaid, the governing body 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 Certificate (but never less than 2% of the original amount of the Certificate as a sinking fund each year) as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of its Certificate as such principal becomes due for payment on each installment payment date; 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 the Certificate 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 Certificate as such interest comes due and such principal matures are hereby pledged for such payment, within the limit prescribed by law.

Section 7. SURPLUS REVENUES. The Certificate is additionally secured by and payable from a pledge of the revenues of the Issuer's combined Waterworks and Sewer Systems remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) that are payable from all or part of the Net Revenues of the Issuer's Waterworks and Sewer Systems, constituting "Surplus Revenues." The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to Section 6, to the extent necessary to pay the principal and interest on the Certificates. Notwithstanding the requirements of Section 6, if Surplus Revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, or if Surplus Revenues are budgeted for deposit into the Interest and Sinking Fund in advance of the times when payments are scheduled to be made with respect to the Certificates in each fiscal year, then the amount of taxes that otherwise would have been required to be levied pursuant to Section 6 may be reduced to the extent and by the amount of such Surplus Revenues.

Section 8. REMEDIES OF REGISTERED OWNER. In addition to all rights and remedies of any Registered Owner of the Certificate provided by the laws of the State of Texas, the Issuer and the City Council covenant and agree that in the event the Issuer defaults in the payments of the principal of or interest on the Certificate when due, or fails to make the payments required by this Ordinance, the Registered Owner of the Certificate shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the Issuer to observe and perform any covenant, obligation or condition prescribed in this Ordinance. No delay or omission by any Registered Owner to exercise any right or power accruing to him upon default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Ordinance shall be available to the Registered Owner of the Certificate and shall be cumulative of all other existing remedies.

Section 9. USE OF CERTIFICATE PROCEEDS. The proceeds of the issuance of the Certificate shall be deposited in the Construction Fund created by Section 19 of this Ordinance and used for the purposes for which the Certificate is hereby authorized to be issued.

Section 10. INVESTMENTS. The City Council may place proceeds of the Certificate (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificate will be used as soon as practicable for the purposes for which the Certificate are issued.

Section 11. SECURITY FOR FUNDS. All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 12. ISSUER OFFICER'S DUTIES.

(a) The Mayor, Mayor Pro-tem, City Secretary, City Manager and Director of Finance of the Issuer are hereby instructed and directed to do any and all things necessary in reference to the issuance of the Certificate and to make money available for the payment of the Certificate in the manner provided by law and this Ordinance.

(b) The Mayor (or in the absence of the Mayor, the Mayor Pro-tem) and the City Secretary are authorized to execute the Certificate to which this Ordinance is attached on behalf of the Issuer and to do any and all things proper and necessary to carry out the intent hereof.

Section 13. DEFEASANCE OF CERTIFICATE.

(a) The Certificate and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, 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 Certificate shall have become due and payable. At such time as the Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem tax 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 the Defeased Certificate that is made in conjunction with the payment arrangements specified in subsection 13(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 Certificate for redemption; (2) gives notice of the reservation of that right to the Registered Owner of the Defeased Certificate 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 also 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 Certificate 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 Certificate 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 13(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 Certificate, 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 the Defeased Certificate shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificate the same as if it had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

Section 14. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATE.

(a) Replacement Certificate. In the event the Certificate is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Certificate of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Certificate, in replacement for such Certificate in the manner hereinafter provided.

(b) Application for Replacement Certificate. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Certificate shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Certificate, the Registered Owner applying for a replacement Certificate 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 Certificate, 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 Certificate,

as the case may be. In every case of damage or mutilation of a Certificate, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Certificate. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Certificate 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 Certificate is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificate in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Certificate issued in exchange for another Certificate.

Section 15. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATE; BOND COUNSEL'S OPINION; ENGAGEMENT OF BOND COUNSEL; ATTORNEY GENERAL ISSUANCE FEE. (a) The Mayor (or in the absence of the Mayor, the Mayor Pro-tem) of the Issuer is hereby authorized to have control of the Certificate issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificate pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificate 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 Certificate, 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 may, at the option of the Issuer, be printed on the Certificate issued and delivered under this Ordinance, but shall not have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Certificate. In addition, if municipal bond insurance is obtained, the Certificate may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Certificate 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 Certificate to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Certificate 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 (or in the absence of the Mayor, the Mayor Pro-tem) and the Mayor (or in the absence of the Mayor, the Mayor Pro-tem) is hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Certificate by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of the Certificate, subject to a minimum of \$750 and a maximum of \$9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Certificate. The Issuer hereby authorizes and directs that a check in the amount of the Attorney General filing fee for the Certificate, made payable to the "Texas Attorney General," be promptly furnished to the Issuer's Bond Counsel, for payment to the Attorney General in connection with his review of the Certificate.

Section 16. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATE. (a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Certificate as an obligation 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:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Certificate 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 Certificate, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Certificate 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" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) 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 Certificate (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;

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

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

(6) to refrain from using any portion of the proceeds of the Certificate, 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 Certificate, other than investment property acquired with --

(A) proceeds of the Certificate 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 Certificate is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) 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 Certificate;

(7) to otherwise restrict the use of the proceeds of the Certificate or amounts treated as proceeds of the Certificate, as may be necessary, so that the Certificate does 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

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificate) 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 Certificate has 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.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), 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

Registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. 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 Certificate. 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 which modify or expand provisions of the Code, as applicable to the Certificate, 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 Certificate 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 Certificate, 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 Certificate 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, which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificate.

(d) 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 Project on its books and records in accordance with the requirements of the Internal Revenue 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 Internal Revenue 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 Certificate, or (2) the date the Certificate is retired. The Issuer agrees to obtain the advice 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 Certificate. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Disposition of Project. The Issuer covenants that the property constituting 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 Certificate. 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 that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 17. SALE OF CERTIFICATE. The Certificate is hereby sold and shall be delivered to JPMorgan Chase Bank, N.A., for cash for the par value thereof, pursuant to the Private Placement Letter dated the date of the adoption of this Ordinance. The Certificate shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 18. INVESTMENT EARNINGS ON CERTIFICATE PROCEEDS. Investment earnings derived from the investment of proceeds from the sale of the Certificate shall be used along with other Certificate proceeds for the purpose for which the Certificate are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such investment earnings remain on hand, such investment earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any investment earnings on Certificate proceeds which are required to be rebated to the United States of America pursuant to Section 16 hereof in order to prevent the Certificate from being arbitrage bonds shall be so rebated and not considered as investment earnings for the purposes of this Section.

Section 19. CONSTRUCTION FUND. The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "SERIES 2006 Certificate of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the acquisition and construction of the Project as hereinbefore provided. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 6 of this Ordinance.

Section 20. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") due the offering of the Certificate not being within the purview of the Rule, based upon the principal amount of the Certificate being less than \$1,000,000. The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Certificate.

Section 21. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Registered Owner, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the Registered Owner, (ii) grant additional rights or security for the benefit of the Registered Owner, (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 Registered Owner, (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 materially inconsistent with the provisions of this Ordinance and that shall not, in the opinion of nationally-recognized bond counsel, materially adversely affect the interests of the Registered Owner.

(b) Except as provided in paragraph (a) above, the Registered Owner 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 the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or the Certificate so as to:

- (1) Make any change in the maturity of the Certificate;
- (2) Reduce the rate of interest borne by the Certificate;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Certificate;
- (4) Modify the terms of payment of principal or of interest on the Certificate or impose any condition with respect to such payment; or
- (5) Change the requirement of with respect to Registered Owner 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 the Registered Owner of the Certificate a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner, which instrument or instruments shall refer to the proposed amendment and which 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 the Registered Owner Certificate shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the such consent and shall be conclusive and binding upon all future Registered Owner of the Certificate during such period. Such consent may be revoked at any time after six months from the date of said

consent by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the Issuer.

For the purposes of establishing ownership of the Certificate, the Issuer shall rely solely upon the registration of the ownership of such Certificate on the Registration Books kept by the Paying Agent/Registrar.

Section 22. FURTHER PROCEDURES. The Mayor, Mayor Pro-tem, City Secretary, City Manager and 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 a Paying Agent/Registrar Agreement with the Paying Agent/Registrar 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 Certificate and the sale of the Certificate. In case any officer whose signature shall appear on the Certificate shall cease to be such officer before the delivery of such Certificate, 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 23. 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 24. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

Section 25. CONTINUED PERFECTION OF SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Certificate and the pledge of the ad valorem taxes granted by the Issuer under Section 6 of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Certificate are outstanding and unpaid such that the pledge of the taxes granted by the Issuer under Section 6 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Certificate 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.

Section 26. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATION. The Issuer hereby designates the Certificate as a "qualified tax-exempt obligation" 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 Certificate is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations that when aggregated with the Certificate, will result in more than \$10,000,000 of "qualified tax-exempt

obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Certificate is 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 16, hereof, in order that the Certificate will not be considered a "private activity bond" within the meaning of section 141 of the Code.
