

ORDINANCE NO. 200-85

AN ORDINANCE authorizing the issuance of \$2,000,000,000 "CITY OF WILLOW PARK, TEXAS, WATERWORKS SYSTEM 'REVENUE BONDS, SERIES 1985"; prescribing the forms, terms, and provisions of said bonds; pledging the net revenues of the City's Waterworks System to the payment of the principal of and interest on said bonds; enacting provisions incident and related to the issuance, payment, security, sale and delivery of said bonds, including the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, the City Council hereby finds and determines that revenue bonds in the total principal amount of \$2,000,000 should be issued and sold at this time for the purposes of purchasing, constructing, improving and extending a waterworks system for the City; such revenue bonds having been approved at an election held in the City on February 9, 1985; now, therefore ,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WILLOW PARK, TEXAS:

SECTION 1: Authorization - Designation - Principal Amount -Purpose.
Revenue bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$2,000,000, to be designated and bear the title "City of Willow Park, Texas, Waterworks System Revenue Bonds, Series 1985" (hereinafter referred to as the "Bonds"), for the purpose of providing funds to purchase, construct, improve and extend a waterworks system for the City, in conformity with the Constitution and laws of the State of Texas, including Article 1111, et. seq., V.A.T.C.S; and in accordance with authority conferred at the aforesaid election.

SECTION 2: Fully - Registered Obligations - Authorized Denominations - Stated Maturities - Date. The Bonds are issuable in fully registered form only; shall be dated March 1, 1985 (the "Bond Date") and shall be in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and the Bonds shall become due and payable on March 1 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at per annum rates in accordance with the following schedule:

Year of Stated Maturity	Principal Amount	Interest Rate(s)
1990	50,000	11.50 %
1991	50,000	11.50 %
1992	60,000	11.50 %
1993	65,000	11.50 %
1994	75,000	11.50 %
1995	85,000	11.50 %
1996	100,000	11.50 %

1997	100,000	11.50 %
1998	115,000	10.75 %
1999	125,000	10.40 %
2000	150,000	10.50 %
2001	165,000	10.60 %
2002	180,000	10.75 %
2003	200,000	10.90 %
2004	225,000	10.90 %
2005	250,000	10.90 %

SECTION 3: Payment of Bonds - Paying Agent/ Registrar. The principal premium, if any, and the interest on the Bonds shall be payable, without exchange or collection charges to the owner or holder thereof, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Bonds shall bear interest on the unpaid principal amounts from the Bond Date at the per annum rates shown in Section 2 hereof (computed on the basis of a 360-day year of twelve 30-day months); such interest to be payable on March 1 and September 1 of each year, commencing March 1, 1986.

The selection and appointment of Texas American Bank Fort Worth, N.A., Fort Worth, Texas to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the principal office of the Paying Agent/Registrar books and records for the registration, payment and transfer of the Bonds (the "Security Register"), all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement" and such reasonable rules and regulations as the Paying Agent/Registrar and City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Both principal of, premium, if any, and interest on the Bonds, due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the registered owner or holder of the Bonds (hereinafter referred to as the "Bondholder" or "Bondholders") appearing on the Security Register, and, to the extent permitted by law, neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Bonds, shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its principle

office. Interest on the Bonds shall be paid to the Bondholder whose name appears in the Security Register at the close of business on the "Record Date" (the 15th day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Bondholder. If the date for the payment of the principal of or interest on the Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the City where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day 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.

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

SECTION 4: Redemption. (a) Optional Redemption. The Bonds having Stated Maturities on and after March 1, 2001, shall be subject to redemption prior to maturity, at the option of the City, on March 1, 2000 or on any interest payment date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

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

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

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

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

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the principal office of the Paying Agent/Registrar, and the Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Bonds issued under and pursuant to the provisions of this Ordinance. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Bondholder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Bondholder or by his duly authorized agent, in form satisfactory to the Paying Agent/ Registrar.

Upon surrender for transfer of any Bond at the principal office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City, of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Bondholder, Bonds may be exchanged for other Bonds of

authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds, executed on behalf of, and furnished by, the City, to the Bondholder requesting the exchange.

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

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

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to Section 32 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

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

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid

or obligatory for any purpose, unless there appears on such Bond either a certificate, of registration substantially in the form provided in Section 8C, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 8D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 7: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the total principal amount of \$2,000,000 with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as twelve (12) fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the initial Bond(s) shall be registered in the name of the initial purchasers or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchasers. Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Bondholders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

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

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

B. Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Parker
City of Willow Park, Texas, Waterworks
System Revenue Bond,
Series 1985

Bond Date:
March 1, 1985

Interest Rate:

Stated Maturity:

CUSIP NO:

Registered Owner:

Principal Amount:

DOLLARS

The City of Willow Park, (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Parker, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, solely from the revenues hereinafter identified, on the Stated Maturity date specified above, the Principal Amount stated above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on March 1 and September 1 of each year, commencing March 1, 1986. Principal of this Bond shall be payable to the registered owner hereof, upon presentation and surrender, at the principal office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor, Interest shall be payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record date", which is the 15th day of the month next preceding each interest payment date. All payments of principal of, coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$2,000,000 (herein referred to as the "Bonds") for the purpose of providing funds to purchase, construct, improve and extend a waterworks system for the City, under

and in strict conformity with the Constitution and laws of the State of Texas, including Article 1111 et. seq., V.A.T.C.S., as amended, V.A.T.C.S., and pursuant to an Ordinance adopted by the governing body of the City (herein referred to as the "Ordinance").

The Bonds maturing on and after March 1, 2001, may be redeemed prior to their Stated Maturities, at the option of the City, on March 1, 2000, or on any interest payment date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/ Registrar), at the redemption price of par, together with accrued interest to the date of redemption, and upon 30 days prior written notice being given by United States Mail, first class postage prepaid, to registered owners of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

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

The Bonds are special obligations of the City, payable solely from and equally and ratably secured by a first lien on and pledge of the Net Revenues (as defined in the Ordinance) of the City's waterworks system (the "System"). The Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or the System, except with respect to the Net Revenues. The holder hereof shall never have the right to demand payment of this obligation out of any funds raised or to be raised by taxation.

Subject to satisfying the terms and conditions prescribed therefor, the City has reserved the right to issue additional revenue obligations payable from and equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System, in the same manner and to the same extent as the Bonds.

Reference is hereby made to the Ordinance, a copy of which is on file in the

principal office of the Paying Agent/Registrar, and to all of the provisions of which the Bondholder by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the security for the Bonds; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Bonds; the nature and extent and manner of enforcement of the lien and pledge securing the payment of the Bonds; the terms and conditions for the issuance of additional revenue obligations; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Bondholders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the liens, pledges, charges and covenants made therein may be discharged at or prior to the maturity or redemption of this Bond, and this Bond deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the same meanings assigned in the Ordinance.

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

The City and the Paying Agent/Registrar, and any agent of either, may treat the registered owner hereof whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Bondholder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and covenanted that the City is a duly organized and legally existing municipal corporation under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have

been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by a pledge of the Net Revenues of the System as aforesated. In case any provision in this Bond or any application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

City of Willow Park, Texas

Mayor

COUNTERSIGNED:

City Secretary

(Seal)

C. * Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

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

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

Texas American Bank,
Fort Worth, N.A.,
Fort Worth, Texas
as Paying Agent/Registrar

Registration date:

By : _____
Authorized Signature

*NOTE TO PRINTER: Do not print on Definitive Bonds

- E. Form of Assignment.

ASSIGNMENT

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

DATED:

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the

..... registered owner as it appears on the face of the within Bond in every particular.

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

- (i) immediately under the name of the bond the headings "Interest Rate _____" and "Stated Maturity _____" shall both be completed "as shown below;"
- (ii) Paragraph one shall read as follows:

The City of Willow Park (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Parker, State of Texas, for value received, hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, solely from the revenues hereinafter identified, on March 1 in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule;

<u>YEAR</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
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(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid principal amounts hereof from the Bond Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on March 1 and September 1 of each year, commencing March 1, 1986. Principal of this Bond shall be payable to the registered owner hereof, upon presentation and surrender, at the principal office of Texas American Bank Fort Worth, N.A., Fort Worth, Texas (the "Paying Agent/Registrar"). Interest shall be payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/ Registrar at the close of business on the "Record Date", which is the 15th day of the month next preceding each interest payment date. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of registered owner recorded in the Security Register on the Record Date or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

SECTION 9: Definitions. For all purposes of this Ordinance and in particular for clarity with respect to the issuance of the Bonds herein authorized and the pledge and appropriation of revenues to the payment of the Bonds, the following definitions are provided:

"Additional Parity Bonds" - Revenue bonds or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the future under the terms and conditions provided in Section 18 of this Ordinance and which are equally and ratably secured by a first lien on and pledge of the Net Revenues of the System.

"Average Annual Debt Service" - That average amount which, at the time of computation, will be required to pay the Debt Service of obligations when due and derived by dividing the total of such Debt Service by the number of years then remaining before final maturity. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

"Bonds" - The "City of Willow Park, Texas, Waterworks System Revenue Bonds, Series 1985", dated March 1, 1985, authorized by this Ordinance.

"Bonds Similarly Secured" - Collectively, the Bonds and Additional Parity Bonds.

"City" - The City of Willow Park, located in the County of Parker, Texas.

"Debt Service" - As of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto.

"Fiscal Year" - The twelve month accounting period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the city.

"Government Obligations" - Direct obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and United States Treasury obligations such as its State and Local Government Series in book-entry form.

"Gross Revenues" - All income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants in aid of construction) of the System, including earnings and income derived from the investment or deposit of moneys in any special funds or accounts created and established for the payment and security of the Bonds Similarly Secured and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues.

"Maintenance and Operating Expenses" - All current expenses of operating and maintaining the System, including all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair obligations payable from Net Revenues shall be deducted in determining "Net Revenues". Depreciation charges shall not be considered Maintenance and Operating Expenses. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.

"Net Earnings" - The meaning assigned to such term in Section 18 hereof.

"Net Revenues" - Gross Revenues of the System, with respect to any period, after deducting the System's Maintenance and Operating Expenses during such period.

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

- (1) those Bonds theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Bonds for which payment has been duly provided by the City in accordance with the provisions of Section 28 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Obligations, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and
- (3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 32 hereof.

"Required Reserve" - The amount required to be accumulated and maintained in the Reserve Fund under the provisions of Section 14.

“System” - All properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water (and in the event of the later construction or acquisition of a sanitary sewer system then the combined waterworks and sanitary sewer system), together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term "System" shall not mean to include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Bonds", which are hereby defined as being special revenue obligations of the City which are not Bonds but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

SECTION 10: Pledge. That the City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged, to the payment and security of the Bonds and Additional Parity Bonds, if issued, including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided; and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a first, lien on the Net Revenues of the System and be valid and binding without any physical delivery thereof or further act by the City, and the lien created hereby on the Net Revenues of the System for the payment and security of the Bonds Similarly Secured shall be prior in right and claim as to any other indebtedness, liability or obligation of the City or the System.

SECTION 11: Rates and Charges. That, for the benefit of the holders of the Bonds and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Bonds are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of-available information and experience and with due allowance for contingencies, Revenues in each Fiscal Year sufficient:

- (1) To pay Maintenance and Operating Expenses, depreciation charges and replacement and betterment costs
- (2) To produce Net Revenues sufficient to pay the principal of and interest on the Bonds Similarly Secured and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Bonds Similarly Secured, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the Net Revenues

of the System, and

- (3) To produce Net Revenues equal to at least 1.25 times the Debt Service due and payable on the outstanding Bonds Similarly Secured.

SECTION 12: Water System Fund. The City hereby covenants and agrees that Gross Revenues of the System shall be deposited, as collected and received, into a separate account (created, established and to be maintained with a depository bank of the City) known as the "City of Willow Park Water System Fund" (herein called the "System Fund") and the Gross Revenues of the System shall be kept separate and apart from all other funds of the City. All revenues deposited in the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

FIRST: To the payment of all necessary and reasonable Maintenance and Operating Expenses as defined herein or required by statute to be a first charge on and claim against the Gross Revenues thereof.

SECOND: To the payment of the amounts required to be deposited in the Bond Fund created and established for the payment of Debt Service on the Bonds Similarly Secured as the same becomes due and payable.

THIRD: To the payment of the amounts required to be deposited in the Reserve Fund to establish and maintain the Required Reserve in accordance with the provisions of this Ordinance or any other ordinance relating to issuance of Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

SECTION 13: Bond Fund. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same becomes due and payable, the City agrees to maintain at a depository bank of the City a separate and special account or fund known as the "City of Willow Park Interest and Sinking Revenue Bond Fund" (the "Bond Fund") The City covenants that there shall be deposited into the Bond Fund prior to each principal and interest payment date from the Net Revenues an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest on and the principal of the Bonds then falling due and payable, such deposits to pay maturing principal and accrued interest on the Bonds to be made in substantially equal monthly installments on or before the 20th day of each month, beginning on or before the 20th day of the next month following the delivery of the Bonds to the initial purchaser(s). If the Net revenues in any month are insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in the payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made as hereinabove provided until such time as (i) the total amount on deposit in the Bond Fund and Reserve Fund is equal to the amount required to fully pay and discharge all outstanding Bonds Similarly Secured (principal and interest) or (ii) the Bonds are no longer Outstanding.

Accrued interest and premium, if any, received from the purchasers of the Bonds, shall be taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited in the Bond Fund from the Net Revenues of the System.

SECTION 14: Reserve Fund. For purposes of accumulating and maintaining funds as a reserve for the payment of the Bonds Similarly Secured, the City agrees and covenants to maintain a separate and special fund or account known as the "Willow Park Revenue Bond Reserve Fund" (the "Reserve Fund"), and all funds deposited therein (excluding earnings and income derived or received from deposits or investments which may be transferred to the System Fund established in section 12 hereof during such periods as there is on deposit in the Reserve Fund the Required Reserve) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured, when and to the extent other funds available for such purposes are insufficient, and, in addition, may be used to retire the last of the Bonds Similarly Secured outstanding.

The amount to be accumulated and maintained in the Reserve fund (the "Required Reserve") shall be an amount which equals or exceeds the Average Annual Debt Service (calculated on a Fiscal Year basis) for the Bonds. Beginning on or before the 20th day of the month next following the delivery of the Bonds and on or before the 20th day of each following month until the Required Reserve has been accumulated in said Fund, the City covenants and agrees to deposit to the Reserve Fund from the Net Revenues of the System an amount equal to at least 1/60th of the Required Reserve.

As and when Additional Parity Bonds are delivered or incurred, the Required Reserve shall be increased, if required, to an amount equal to not less than the Average Annual Debt Service (calculated on a Fiscal Year basis) for all Bonds Similarly Secured then outstanding, as determined on the date each series of Bonds are delivered or incurred, as the case may be. Any additional amount, required to be maintained in the Reserve Fund shall be so accumulated by the deposit in the Reserve Fund of all or any part thereof in cash immediately after the delivery of the then proposed Additional Parity Bonds, or, at the option of the City, by the deposit of monthly installments, made on or before the 20th day of each month following the month of delivery of the then proposed Additional Parity Bonds, of not less than 1/60th of the additional amount to be maintained in said Fund by reason of the issuance of the Additional Parity Bonds then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash).

When and so long as the cash and investments in the Reserve Fund total not less

than the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve (other than as the result of the issuance of Additional Parity Bonds as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve by resuming monthly deposits to said Fund from the Net Revenues of the System, such monthly deposits to be in amounts equal to not less than 1/60th of the then total Required Reserve to be maintained in said Fund and to be made on or before the 20th day of each month until the total Required Reserve then to be maintained in said Fund has been fully restored. The City further covenants and agrees that, subject only to the payments to be made to the Bond Fund, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional Parity Bonds.

During such time as the Reserve Fund contains the total Required Reserve, the City may, at its option, withdraw all surplus in the Reserve Fund in excess of the Required Reserve and deposit such surplus in the System Fund. The City hereby designates its depository bank or banks as the custodian of the Reserve Fund.

SECTION 15: Deficiencies; Excess Net Revenues. (a) If on any occasion there shall not be sufficient Net Revenues of the System to make the required deposits into the Bond Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available Net Revenues of the System, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the Bond Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Bonds Similarly Secured, the excess Net Revenues may be used by the City for any lawful purpose.

SECTION 16: Payment of Bonds. While any of the Bonds are Outstanding, the City's Treasurer shall cause to be transferred to the Paying Agent therefore, from funds on deposit in the Bond Fund, and if necessary in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity, such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent for the Bonds at the close of the business day next preceding the date of payment for the Bonds.

SECTION 17: Investments. (a) Money in any Fund established pursuant to this Ordinance may, at the option of the City, be placed in time deposits or certificates of deposit secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, including investments held in book-entry form, in direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent

its general obligations, or invested in indirect obligations of the United-States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Federal Housing Association, or Participation Certificates in the Federal Assets Financing Trust; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within 45 days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within 30 days of the date of passage of each ordinance authorizing the issuance of Additional Parity Bonds. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses debited to, the Bond Fund. All interest and interest income derived from deposits in and investments of the Reserve Fund shall, subject to the limitations provided in Section 14 hereof, be credited to and deposited in the System Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

(b) That money in all Funds created by this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

SECTION 18: Issuance of Additional Parity Obligations. Subject to the provisions hereinafter appearing as to conditions precedent which must be satisfied, the City reserves the right to issue, from time to time as needed, Additional Parity Bonds for any lawful purpose. Such Additional Parity Bonds may be issued in such form and manner as now or hereafter authorized by the laws of the State of Texas for the issuance of evidences of indebtedness or other instruments, and should new methods or financing techniques be developed that differ from those now available and in normal use, the City reserves the right to employ the same in its financing arrangements provided only that the following conditions precedent for the authorization and issuance of the same are satisfied, to wit:

- (1) The Director of finance of the City (or other officer of the City then having the primary responsibility for the financial affairs of the City) shall have executed a certificate stating (a) that, to the best of his knowledge and belief, the city is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceeding relating to any obligations of the City payable from and secured by a lien on and pledge of the Net revenues of the System that would materially affect the security or payment of such obligations and (b) either (i) payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues of the System have been made and that the amounts on

deposit in such special funds or accounts are the amounts then required to be on deposit therein or (ii) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency.

- (2) The Additional Parity Bonds shall be scheduled to mature or be payable as to principal on March 1 or September 1 (or both) in each year the same are to be outstanding or during the term thereof.
- (3) The City has secured a certificate or opinion of a Certified Public Accountant to the effect that, according to the books and records of the City, the Net Earnings, for the preceding Fiscal Year or for 12 consecutive months out of the 15 months immediately preceding the month the ordinance authorizing the issuance of the Additional Parity Bonds is adopted are at least equal to 1,25 times the Average Annual Debt Service for all outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Bonds then being issued. In making a determination of the Net Earnings, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying the above Net Earnings test, make a pro forma determination of the Net Earnings of the System for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

As used in this Section, the term "Net Earnings" shall mean the Gross Revenues of the System after deducting the Maintenance and Operating Expenses of the System, but not depreciation charges or expenditures which, under generally accepted accounting principles, should be charged to capital expenditures.

SECTION 19: Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the outstanding Bonds Similarly Secured (pursuant to any law then available) upon such terms and conditions as the City Council of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such outstanding Bonds Similarly Secured are refunded, the conditions precedent prescribed (for the issuance of Additional Parity Bonds) set forth in subparagraph (3) of Section 17 shall be satisfied and the Accountant's certificate or opinion required in subparagraph (3) shall give effect to the Debt Service of the proposed refunding bonds (and shall not give effect to the Debt Service of the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

SECTION 20: Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue obligations payable from and secured by a lien on and pledge of the Net Revenues of the System, junior and subordinate in rank and dignity to the lien and pledge securing the payment of the Bonds Similarly Secured, as may be authorized

by the laws of the State of Texas.

SECTION 21: Maintenance and Operation - Insurance. The City shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost. While any Bonds are Outstanding, the City agrees to maintain casualty and other insurance on the System of a kind and in an amount customarily carried by municipal corporations owning and operating similar properties. Nothing in this Ordinance shall be construed as requiring the City to expend any funds derived from sources other than the operation of the System, but nothing herein shall be construed as preventing the City from doing so.

SECTION 22: Sale or Lease of Properties. The City, to the extent and in the manner authorized by law, may sell or exchange for consideration representing the fair value thereof, as determined by the City Council of the City, any property not necessary or required in the efficient operations of the System, or any equipment not necessary or useful in the operations thereof or which is obsolete, damaged or worn out or otherwise unsuitable for use in the operation of the System. The proceeds of any sale of properties of the System shall be deposited in the System Fund.

SECTION 23: Records and Accounts. The City hereby covenants and agrees that so long as any of the Bonds remain Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Article 1113, V.A.T.C.S. or other applicable law. The holder or holders of any Bonds or any duly authorized agent or agents of such holders shall have the right at all reasonable times to inspect such records, accounts and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each audit, in addition to whatever other matters may be thought proper by the Accountant, shall particularly include the following:

- (a) A statement of the income and expenses of the System for such Fiscal Year.
- (b) A balance sheet for the System as of the end of such Fiscal Year.
- (c) A statement describing the sources and application of funds of the System for such Fiscal Year.
- (d) The Accountant's comments regarding the manner in which the City has carried out the requirements of this Ordinance and any other ordinance authorizing the issuance of Bonds Similarly Secured and his recommendations for any changes or improvements in the operations, records and accounts of the System.

- (e) A list of insurance policies in force at the end of the Fiscal Year covering the properties of the System, setting out as to each policy the amount thereof, the risk covered, the name of the insurer and the policy's expiration date.

Expenses incurred in making an annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at his office in Austin, Texas, and, upon request, to the original purchaser of the Bonds and subsequent holders or owners of any of said Bonds. The audits herein required shall be made within 120 days following the close of each Fiscal Year insofar as is possible.

SECTION 24: Special Covenants. The City further covenants and agrees by and through this Ordinance as follows:

- (a) It has the lawful power to pledge the Net Revenues of the System to the payment of the Bonds to the extent provided herein and has lawfully exercised said power under the Constitution and laws of the State of Texas, and that the Bonds issued hereunder, together with Additional Parity Bonds, if issued, shall be ratably secured in such manner that no one Bond shall have preference over any other Bond of said issues.
- (b) The Net Revenues of the System have not been in any manner pledged or encumbered to the payment of any debt or obligation of the City or the System, save and except for the Bonds.
- (c) That no free services of the System shall be allowed, and should the city or any of its agents or instruments make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.
- (d) To the extent that it legally may, the City further covenants and agrees that, so long as any of the Bonds or any interest thereon are Outstanding, no franchise shall be granted for the installation or operation of any waterworks system other than those owned by the City, and the operation of any such system by anyone other than this City is hereby prohibited.

SECTION 25: Remedy in Event of Default. In addition to all rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Bond Fund or the Reserve Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the holder or holders of any of the Bonds shall be entitled to a writ of

mandamus issued by a court of proper jurisdiction, compelling and requiring the City and its officers to observe and perform any covenant, condition or obligation prescribed in this Ordinance. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

The specific remedy herein provided shall be cumulative of all other existing remedies and the specification of such remedy shall not be deemed to be exclusive.

SECTION 26: Special Obligations. The Bonds are special obligations of the City payable from the pledged Net Revenues of the System and the holders hereof shall never have the right to demand payment thereof out of funds raised or to be raised by taxation.

SECTION 27: Governmental Agencies. The City will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorizations and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

SECTION 28: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Bondholders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of the Net Revenues of the System under this Ordinance and all other obligations of the City to the Bondholders shall thereupon cease, terminate, and become void and be discharged and satisfied.

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

be treated as "arbitrage bonds" within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, or regulations adopted pursuant thereto.

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

SECTION 29: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Bondholders from time to time, be binding on the City, and shall not be amended, or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Bondholders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Bondholders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Bondholders holding a majority in aggregate principal amount of the Bonds Similarly Secured then outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Bondholders of the Bonds then outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by holders for consent to any such amendment, addition, or rescission.

SECTION 30: Notices to Holders-Waiver. Wherever this Ordinance provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Bondholder as it appears in the Security Register.

In any case where notice to Bondholders is given by mail, neither the failure to mail such notice to any particular Bondholders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Bondholder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Paying Agent/Registrar,

but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 31: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the City.

SECTION 32: Mutilated - Destroyed - Lost and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the City may require payment by the Bondholder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds.

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

SECTION 33: No-Arbitrage Certification. The City certifies that based on facts, estimates, and circumstances expected to exist on the date of the issue of the Bonds it is not reasonable to anticipate that the proceeds thereof will be used in a manner which

would cause them to be "arbitrage bonds" within the meaning of Section 103(c) of, the Internal Revenue Code of 1954, as amended, or regulations thereunder applicable thereto, and the City covenants not to make any use of the proceeds of the Bonds or investment income therefrom which would cause the Bonds to become "arbitrage ;bonds" within the meaning of Section 103(c) of such Code. The officers of the City charged with responsibilities in the issuance of Bonds are authorized and directed to make, execute, and deliver certifications as to facts, estimates, and circumstances in existence as of the date of the issuance of said Bonds and stating whether there are any facts, estimates, or circumstances which would materially change the City's present expectations. The covenants herein made and the certifications herein authorized are for the benefit of the holders from time to time of said Bonds and may be relied upon by said holders and bond counsel for the City.

SECTION 34: Sale of the Bonds. That Bonds have been and are hereby sold to Rauscher Pierce Refsnes, Inc. at the price of \$985.00per \$1000 par value and accrued interest to the date of delivery. Delivery of said Bonds shall be made to said purchaser as soon as may be after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale.

SECTION 35: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond pending its approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

Furthermore, the Mayor and City Secretary of the City, or either of any one or more of said officials, are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 36: Official Statement. That, in reference to the Official Statement prepared in the initial offering and sale of the bonds herein authorized by the City, the City Council ratifies and confirms its prior approval of the form and content thereof and hereby approves the form and content of any addenda, supplement or amendment thereto; the use of such Official Statement in the reoffering of the Bonds by the above named purchasers is hereby approved and authorized, and the proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to said Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

SECTION 37: Printed Opinion. The Purchaser's obligation to accept

delivery of the Bonds is subject to the receipt of a final opinion of Dumas, Huguenin, Boothman & Morrow, Attorneys at Law, approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. Printing of a true and correct reproduction of said opinion on the reverse side of each of said Bonds is hereby approved and authorized.

SECTION 38: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 39: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Bondholders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Bondholders.

SECTION 40: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 41: 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 42: 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 43: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Article 6252-17, Vernon's Texas Civil Statutes, as amended.

SECTION 44: Effective Date. This Ordinance shall be in force and effect from and after its passage on the date shown below.

PASSED AND ADOPTED, this 26th day of March, 1985.

CITY OF WILLOW PARK, TEXAS

Jimmie Jordan

Mayor

ATTEST:

Bernadette Wright

City Secretary

(City Seal)